

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

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

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013***

**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 Auditor's Report* of the Perrysburg Exempted Village School District, Wood County, prepared by Julian & Grube, Inc., for the audit period July 1, 2012 through June 30, 2013. 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

March 10, 2014

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

BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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

### Independent Auditor's Report

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

To the Board of Education:

#### ***Report on the Financial Statements***

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, 2013, and the related notes to the financial statements, which collectively comprise the Perrysburg Exempted Village School District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit was conducted to opine on the Perrysburg Exempted Village School District's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards (the "Schedule") presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Perrysburg Exempted Village School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
December 20, 2013

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013. 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 2013 are as follows:

- In total, net position of the governmental activities increased \$7,221,230, or 34.01%, from a balance of \$21,231,713 at June 30, 2012 to \$28,452,943 at June 30, 2013.
- General revenues accounted for \$49,497,678 in revenue or 90.33% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,300,501 or 9.67% of total revenues of \$54,798,179.
- The District had \$47,576,949 in expenses related to governmental activities; only \$5,300,501 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 \$49,497,678 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 \$44,890,810 in revenues and \$40,048,050 in expenditures and other financing uses. During fiscal 2013, the general fund's fund balance increased \$4,842,760 from \$108,891 to \$4,951,651.
- The debt service fund had \$3,688,496 in revenues \$3,240,607 in expenditures. During fiscal year 2013, the debt service fund's fund balance increased by \$447,889 from \$1,973,696 to \$2,421,585.

**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 position 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, 2013

**Reporting the District as a Whole**

*Statement of Net Position 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 2013?" The statement of net position and statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, 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 position and changes in that position. This change in net position 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 position 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 position 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 position 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 17-20 and the budgetary statement for the general fund can be found on page 21.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

***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 22-24 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 position and changes in fiduciary net position on pages 25 and 26. 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 27-62 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. Certain 2012 amounts have been reclassified to conform to 2013 presentation.

	<b>Governmental Activities</b>	
	<u>2013</u>	<u>2012</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 42,004,755	\$ 36,954,698
Capital assets, net	<u>45,505,863</u>	<u>46,552,034</u>
Total assets	<u>87,510,618</u>	<u>83,506,732</u>
<b><u>Deferred outflows</u></b>	<u>122,163</u>	<u>142,932</u>
<b><u>Liabilities</u></b>		
Current liabilities	6,482,068	6,413,873
Long-term liabilities	<u>30,027,566</u>	<u>32,470,046</u>
Total liabilities	<u>36,509,634</u>	<u>38,883,919</u>
<b><u>Deferred inflows</u></b>	<u>22,670,204</u>	<u>23,534,032</u>
<b><u>Net position</u></b>		
Net investment in capital assets	20,044,816	19,219,130
Restricted	3,195,933	3,599,523
Unrestricted (deficit)	<u>5,212,194</u>	<u>(1,586,940)</u>
Total net position	<u>\$ 28,452,943</u>	<u>\$ 21,231,713</u>

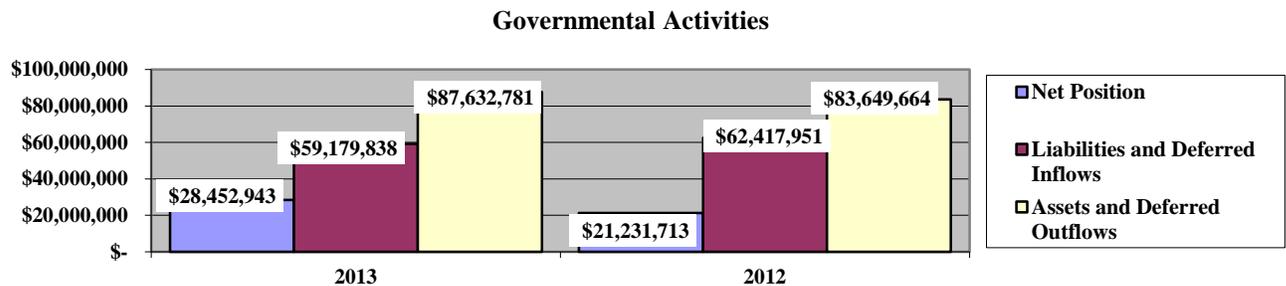
**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's net position was \$28,452,943.

At year-end, capital assets represented 52.00% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2013, was \$20,044,816. 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 position, \$3,195,933, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$5,212,194 may be used to meet the District's ongoing obligations to the students and creditors. The table below illustrates the District's assets, deferred outflows, liabilities, deferred inflows and net position at June 30, 2013 and 2012.



The table below shows the changes in net position for governmental activities for fiscal year 2013 compared to fiscal year 2012.

**Change in Net Position**

	Governmental Activities 2013	Governmental Activities 2012
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 2,979,507	\$ 3,106,450
Operating grants and contributions	2,259,237	2,240,552
Capital grants and contributions	61,757	31,902
General revenues:		
Property taxes	31,292,634	21,466,525
Income taxes	5,761,176	5,462,416
Grants and entitlements	11,889,084	12,266,676
Payments in lieu of taxes	415,189	463,995
Investment earnings	18,528	10,071
Miscellaneous	121,067	163,179
<b>Total revenues</b>	<b>54,798,179</b>	<b>45,211,766</b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Change in Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>2013</u>	<u>2012</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	22,747,412	23,398,016
Special	5,290,848	4,958,544
Vocational	183,899	93,713
Support services:		
Pupil	2,791,859	2,464,068
Instructional staff	918,727	683,682
Board of education	35,685	33,279
Administration	2,898,057	3,118,448
Fiscal	932,205	957,231
Business	39,709	47,437
Operations and maintenance	4,128,424	4,015,075
Pupil transportation	1,730,055	1,674,209
Central	764,257	870,805
Operations of non-instructional services		
Food service operations	1,757,893	1,759,914
Other non-instructional services	253,547	276,252
Extracurricular activities	1,683,433	1,685,645
Interest and fiscal charges	<u>1,420,939</u>	<u>1,379,100</u>
Total expenses	<u>47,576,949</u>	<u>47,415,418</u>
Change in net position	7,221,230	(2,203,652)
Net position at beginning of year	<u>21,231,713</u>	<u>23,435,365</u>
Net position at end of year	<u>\$ 28,452,943</u>	<u>\$ 21,231,713</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$7,221,230. Total governmental expenses of \$47,576,949 were offset by program revenues of \$5,300,501 and general revenues of \$49,497,678. Program revenues supported 11.14% 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 \$49,358,083 and represent 90.07% of total governmental revenue. Real estate property is reappraised every six years.

Property tax revenue increased approximately \$9.826 million from 2013. This is due to a greater amount of property tax advances held by the county auditor at June 30, 2013 compared to June 30, 2012. The District's voters also passed a levy in November 2012, which further explains the increase in property tax revenue.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2013 and 2012.

**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 2013 compared to 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

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

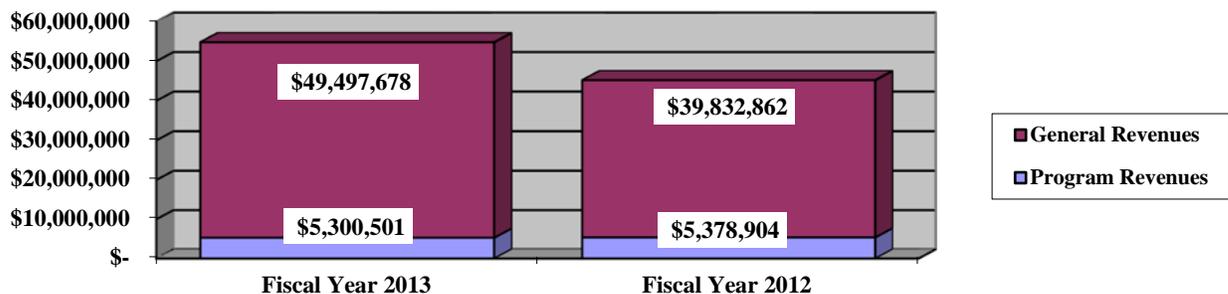
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities</b>			
	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Program expenses:				
Instruction:				
Regular	\$ 22,747,412	\$ 22,143,006	\$ 23,398,016	\$ 22,655,303
Special	5,290,848	4,091,651	4,958,544	3,858,248
Vocational	183,899	162,285	93,713	72,099
Support services:				
Pupil	2,791,859	2,680,262	2,464,068	2,324,214
Instructional staff	918,727	740,010	683,682	545,376
Board of Education	35,685	35,685	33,279	33,279
Administration	2,898,057	2,888,457	3,118,448	3,108,848
Fiscal	932,205	929,805	957,231	954,831
Business	39,709	39,709	47,437	47,437
Operations and maintenance	4,128,424	4,049,025	4,015,075	3,924,279
Pupil transportation	1,730,055	1,662,304	1,674,209	1,618,407
Central	764,257	752,757	870,805	860,005
Operation of non-instructional services:				
Food service operations	1,757,893	(17,557)	1,759,914	(78,876)
Other non-instructional services	253,547	(15,294)	276,252	(11,531)
Extracurricular activities	1,683,433	713,404	1,685,645	745,495
Interest and fiscal charges	1,420,939	1,420,939	1,379,100	1,379,100
<b>Total expenses</b>	<b>\$ 47,576,949</b>	<b>\$ 42,276,448</b>	<b>\$ 47,415,418</b>	<b>\$ 42,036,514</b>

The dependence upon tax and other general revenues for governmental activities is apparent, 93.53% of instruction activities, which total \$28,222,159, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 88.86%.

The graph below presents the District's general and program revenues for fiscal years 2013 and 2012.

**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, 2013

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$9,896,208, which is greater than last year's total of \$4,417,971. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>Increase</u>
General	\$ 4,951,651	\$ 108,891	\$ 4,842,760
Debt service	2,421,585	1,973,696	447,889
Other governmental	<u>2,522,972</u>	<u>2,335,384</u>	<u>187,588</u>
Total	<u>\$ 9,896,208</u>	<u>\$ 4,417,971</u>	<u>\$ 5,478,237</u>

**General Fund**

The District's general fund balance increased \$4,842,760. The schedule below provides detail on the revenues and expenditures of the general fund for fiscal years 2013 and 2012.

	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 32,046,596	\$ 23,129,827	38.55 %
Tuition	379,184	452,996	(16.29) %
Earnings on investments	18,528	10,071	83.97 %
Intergovernmental	11,539,542	11,911,119	(3.12) %
Other revenues	<u>906,960</u>	<u>939,906</u>	(3.51) %
Total	<u>\$ 44,890,810</u>	<u>\$ 36,443,919</u>	23.18 %
	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>			
Instruction	\$ 26,186,218	\$ 25,985,476	0.77 %
Support services	12,827,381	12,356,840	3.81 %
Operation of non-instructional services	-	12,945	(100.00) %
Extracurricular activities	<u>1,030,484</u>	<u>1,026,957</u>	0.34 %
Total	<u>\$ 40,044,083</u>	<u>\$ 39,382,218</u>	1.68 %

Revenues of the general fund increased approximately \$8.447 million compared to fiscal year 2013. This is mainly due to a 38.55% 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, 2013 compared to June 30, 2012. The District's voters also passed a levy in November 2012. All other revenues remained comparable to fiscal year 2013.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Expenditures in the general fund increased approximately \$662,000 from fiscal year 2012. The main reason for the increase in expenditures is due to an increase in support services expenditures during fiscal year 2013 compared to fiscal year 2012.

***Debt Service Fund***

The debt service fund had \$3,688,496 in revenues and \$3,240,607 in expenditures. During fiscal year 2013, the debt service fund's fund balance increased by \$447,889 from \$1,973,696 to \$2,421,585.

***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 2013, the original and final budgeted revenues and other financing sources were \$40,587,683 and \$40,606,943, respectively. Actual revenues and other financing sources for fiscal year 2013 were \$40,979,791. Actual revenues and other financing sources were \$372,848 more than final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$39,167,497 were increased to \$39,984,108 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$39,643,695, which was \$340,413 less than the final budget appropriations.

**Debt Administration and Capital Assets**

***Debt Administration***

At June 30, 2013, the District had \$25,842,465 in general obligation bonds, \$177,154 in a lease purchase agreement and \$408,000 in OASBO notes payable. Of this total, \$2,450,534 is due within one year and \$23,977,085 is due in greater than one year. The following table summarizes the bonds, notes and lease obligations outstanding at June 30, 2013 and 2012.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
General obligation bonds	\$ 25,842,465	\$ 27,744,789
Lease-purchase agreement	177,154	343,913
OASBO note payable	<u>408,000</u>	<u>469,000</u>
Total	<u>\$ 26,427,619</u>	<u>\$ 28,557,702</u>

At June 30, 2013, the District's overall legal debt margin was \$46,718,468 with an unvoted debt margin of \$767,509.

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, 2013

*Capital Assets*

At the end of fiscal 2013, the District had \$45,505,863 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The following table shows fiscal 2013 balances compared to 2012:

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>
Land	\$ 3,567,821	\$ 3,567,821
Construction in progress	111,131	170,996
Land improvements	2,943,225	2,969,347
Building and improvements	36,829,370	37,630,326
Furniture and equipment	1,435,237	1,476,478
Vehicles	<u>619,079</u>	<u>737,066</u>
<b>Total</b>	<b><u>\$ 45,505,863</u></b>	<b><u>\$ 46,552,034</u></b>

Total additions to capital assets for 2013 were \$1,678,710. Depreciation recorded for the fiscal year totaled \$2,724,881.

The overall decrease in capital assets of \$1,046,171 is due to current year depreciation exceeding capital outlays for fiscal year 2013.

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

**Economic Conditions and Outlook**

The District experienced the effects of a lagging economy throughout the last several years but conditions appear to be slowly rebounding as we head into fiscal year 2014. We continue to see signs economic growth throughout the District. Commercial and residential development continues. A District that traditionally prospers from the effects of residential and commercial real estate growth and a continuous increased income tax stream has seen these resources become stagnant over the last several years but signs of volatility in the past year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Historically, real estate values throughout the District, have increased at an average rate of over three (3.25%) percent annually in a non triennial update or reappraisal year. Tax year 2011 saw the effects of a reappraisal that affected the 2012 real estate tax collections. Not since 1982 has the District seen a decrease in overall valuation until this year. The total valuation for the District experienced an almost eight (7.98%) decrease. Agricultural values throughout the State were adjusted to reflect more accurate CAUV (Current Agricultural Land Use Values) values. District agricultural values increased almost fifty (49.14%) percent from 2010 values but since agricultural values represent only less than one (.86%) percent of the District's total valuation; the increase provided little relief to offset the loss of other valuations. Overall, the District did experience some additional valuation growth again this past year. Public utility valuations experienced the largest percentage growth at 10.25% while commercial growth came in right behind at 6.34%. The actual real estate tax collection did experience an increase due mainly to the increase established by the incremental levy. Voters were asked to renew the incremental levy, originally approved by the community in 2004, in November of 2012. The request was increased from \$7,566,710 annually to \$10,000,000 in the first year and increasing \$975,000 annually for the remaining three years of the levy life. Millage ranges will be contingent on valuation growth throughout the life of the levy. Currently the levy is collecting 13.15 mills and potentially could go as high as 17.00 mills without any growth in the District's valuation. The District may experience some benefits as a result of being at the twenty mill floor and experiencing some revenue growth on inside millage and as the valuation grows. The dollars (\$10,000,000) generated from the emergency levy represents a little over twenty-four (24.40%) percent of the District's actual fiscal year 2013 revenue.

The District's income tax collection continues to be a valuable resource again impacting the operations of the District in fiscal year 2013. The District, once again, experienced some growth in 2013 for the income tax collections. Historically the income tax has grown at an average rate of 4.53% over the past eighteen years. The rate of growth from 2011-12 to 2012-13 was 5.27% or \$279,967 (on a cash basis). This increase helped offset the continuous loss of state funding. Budget adjustments continued throughout 2013 to offset revenue shortfalls. Overall revenue grew moderately for 2012-13 but more than we experienced in 2011-12. In 2011-12, the District saw a .42% or \$166,545 increase in revenue. This year the District experienced an increase of \$1,541,777 or 3.91% (on a cash basis). The majority of that growth coming from the built-in increase associated with the incremental real estate collection. 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 continue to affect overall values of the homes and businesses that exist throughout the community.

The District continues to implement very aggressive measures to balance the budget and provide some financial stability. As the District moves forward into fiscal year 2014, the staff and administration continue to look at future growth throughout the community and the challenges that overcrowding presents. Reliance on the State of Ohio for financial support continues to be a huge question. Perrysburg residents have been very supportive of the District. The local community has replaced a large portion of the funding that state has taken away over the past several years with the approval of the incremental levy in 2012.

The District's expenditure levels continue to be reviewed and closely monitored. The administration has managed to control the growth of expenditures levels to average less than one (.58%) percent over the past five years. Historically, over the past twenty years, the average rate of growth has been just slightly above five (5.08%) percent. Growth has been projected for the next five years at approximately 4.46%. 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Instructional programs and curriculum adoptions have been and will continue to be a primary focus of the District's administrative team. The District added an assistant director of teaching and learning to assist in some of the initiatives that have begun. The District will be implementing a one to one technology initiative this next year where students will receive laptop computers that will be utilized in the instructional delivery and practice. Curriculum adoptions were placed on hold for several years due to financial restraints but schedules have been adopted to revisit and update courses of study. As the District continues to move forward with these curriculum updates and new technology initiatives, financial planning will have to be a primary piece in this process. Costs for services for students with special needs continue to rise. This is such 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 all aspects of economic development. Housing starts continue to rise and the District's enrollment continues to escalate. Portable classrooms were purchased and installed at two elementary buildings in the District during this past fiscal year at a cost of approximately \$550,000. This was to lessen the classroom overcrowding that continues at the elementary level. Solutions continue to be reviewed at the secondary level. New subdivisions are platted and building continues throughout the District. Several apartment complexes have added students to already maximum building capacities. A strategic facilities committee continues to meet to discuss options.

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 effect on the ability for companies to operate like they have in the past but the activity is beginning to accelerate once again.

The Chamber of Commerce continues to be very fruitful in its efforts to promote local businesses and to retain the interest that the downtown and surrounding area has always had, which is a small town atmosphere with all of the amenities.

**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.

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

STATEMENT OF NET POSITION  
JUNE 30, 2013

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 9,050,048
Receivables:	
Property taxes . . . . .	29,717,093
Income taxes. . . . .	2,661,969
Payment in lieu of taxes . . . . .	250,996
Accounts. . . . .	25,170
Intergovernmental . . . . .	258,442
Prepayments . . . . .	19,962
Materials and supplies inventory. . . . .	21,075
Capital assets:	
Nondepreciable capital assets . . . . .	3,678,952
Depreciable capital assets, net. . . . .	41,826,911
Capital assets, net . . . . .	45,505,863
Total assets. . . . .	87,510,618
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding	122,163
 <b>Liabilities:</b>	
Accounts payable. . . . .	209,936
Accrued wages and benefits . . . . .	4,607,323
Pension obligation payable. . . . .	791,723
Intergovernmental payable . . . . .	183,224
Unearned revenue . . . . .	104,384
Accrued interest payable . . . . .	84,278
Claims payable. . . . .	501,200
Long-term liabilities:	
Due within one year. . . . .	3,053,813
Due in more than one year. . . . .	26,973,753
Total liabilities . . . . .	36,509,634
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . .	22,509,208
Payment in lieu of taxes levied for the next fiscal year. . . . .	160,996
Total deferred inflows of resources . . . . .	22,670,204
 <b>Net position:</b>	
Net investment in capital assets . . . . .	20,044,816
Restricted for:	
Capital projects . . . . .	1,097,654
Debt service. . . . .	1,313,276
Locally funded programs . . . . .	19,571
State funded programs. . . . .	55,493
Federally funded programs . . . . .	18,671
Student activities . . . . .	403,336
Other purposes . . . . .	287,932
Unrestricted . . . . .	5,212,194
Total net position. . . . .	\$ 28,452,943

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, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 22,747,412	\$ 588,786	\$ 15,620	\$ -	\$ (22,143,006)
Special . . . . .	5,290,848	69,096	1,130,101	-	(4,091,651)
Vocational . . . . .	183,899	-	21,614	-	(162,285)
Support services:					
Pupil. . . . .	2,791,859	4,020	107,577	-	(2,680,262)
Instructional staff . . . . .	918,727	-	178,717	-	(740,010)
Board of education . . . . .	35,685	-	-	-	(35,685)
Administration. . . . .	2,898,057	-	9,600	-	(2,888,457)
Fiscal. . . . .	932,205	-	2,400	-	(929,805)
Business. . . . .	39,709	-	-	-	(39,709)
Operations and maintenance . . . . .	4,128,424	72,985	6,414	-	(4,049,025)
Pupil transportation. . . . .	1,730,055	-	67,751	-	(1,662,304)
Central . . . . .	764,257	700	10,800	-	(752,757)
Operation of non-instructional services:					
Food service operations . . . . .	1,757,893	1,369,180	406,270	-	17,557
Other non-instructional services . . . . .	253,547	-	268,841	-	15,294
Extracurricular activities. . . . .	1,683,433	874,740	33,532	61,757	(713,404)
Interest and fiscal charges . . . . .	1,420,939	-	-	-	(1,420,939)
Totals . . . . .	<u>\$ 47,576,949</u>	<u>\$ 2,979,507</u>	<u>\$ 2,259,237</u>	<u>\$ 61,757</u>	<u>(42,276,448)</u>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	26,165,810
Debt service. . . . .	3,305,434
Capital outlay. . . . .	1,821,390
Income taxes levied for:	
General purposes . . . . .	5,761,176
Payments in lieu of taxes. . . . .	415,189
Grants and entitlements not restricted	
to specific programs . . . . .	11,889,084
Investment earnings . . . . .	18,528
Miscellaneous . . . . .	121,067
Total general revenues . . . . .	<u>49,497,678</u>
Change in net position . . . . .	7,221,230
<b>Net position at beginning of year . . . . .</b>	<u>21,231,713</u>
<b>Net position at end of year. . . . .</b>	<u>\$ 28,452,943</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . .	\$ 2,756,665	\$ 1,701,461	\$ 2,428,678	\$ 6,886,804
Receivables:				
Property taxes. . . . .	25,096,969	2,964,247	1,655,877	29,717,093
Income taxes . . . . .	2,661,969	-	-	2,661,969
Payment in lieu of taxes . . . . .	-	-	250,996	250,996
Accounts . . . . .	17,316	-	7,854	25,170
Interfund loans . . . . .	10,623	-	-	10,623
Intergovernmental. . . . .	88,241	-	170,201	258,442
Prepayments. . . . .	17,509	-	2,453	19,962
Materials and supplies inventory. . . . .	-	-	21,075	21,075
Restricted assets:				
Equity in pooled cash and cash equivalents. .	1,270	-	-	1,270
Total assets . . . . .	<u>\$ 30,650,562</u>	<u>\$ 4,665,708</u>	<u>\$ 4,537,134</u>	<u>\$ 39,853,404</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 165,814	\$ -	\$ 44,122	\$ 209,936
Accrued wages and benefits. . . . .	4,322,946	-	284,377	4,607,323
Compensated absences payable . . . . .	451,127	-	-	451,127
Early retirement incentive payable . . . . .	30,014	-	-	30,014
Pension obligation payable . . . . .	708,676	-	83,047	791,723
Intergovernmental payable . . . . .	175,616	-	7,608	183,224
Unearned revenue. . . . .	79,384	-	25,000	104,384
Interfund loans payable. . . . .	-	-	10,623	10,623
Total liabilities. . . . .	<u>5,933,577</u>	<u>-</u>	<u>454,777</u>	<u>6,388,354</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . .	19,061,295	2,205,754	1,242,159	22,509,208
Delinquent property tax revenue not available. .	308,104	38,369	20,928	367,401
Other nonexchange transactions not available. .	-	-	120,302	120,302
Miscellaneous revenue not available. . . . .	8,608	-	-	8,608
Income tax revenue not available . . . . .	387,327	-	-	387,327
Payment in lieu of taxes (PILOTs) levied for the next fiscal year. . . . .	-	-	160,996	160,996
Delinquent PILOTs not available. . . . .	-	-	15,000	15,000
Total deferred inflows of resources . . . . .	<u>19,765,334</u>	<u>2,244,123</u>	<u>1,559,385</u>	<u>23,568,842</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	17,509	-	23,528	41,037
Restricted . . . . .	1,270	2,421,585	1,949,487	4,372,342
Committed. . . . .	11,000	-	673,241	684,241
Assigned. . . . .	311,193	-	-	311,193
Unassigned (deficit) . . . . .	4,610,679	-	(123,284)	4,487,395
Total fund balances . . . . .	<u>4,951,651</u>	<u>2,421,585</u>	<u>2,522,972</u>	<u>9,896,208</u>
Total liabilities, deferred inflows and fund balances. . . . .	<u>\$ 30,650,562</u>	<u>\$ 4,665,708</u>	<u>\$ 4,537,134</u>	<u>\$ 39,853,404</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 POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013

<b>Total governmental fund balances</b>		\$	9,896,208
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			45,505,863
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	367,401	
Income taxes receivable		387,327	
Payment in lieu of taxes receivable		15,000	
Intergovernmental receivable		128,910	
Total		128,910	898,638
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 position.			1,660,774
Unamortized premiums on bonds issued are not recognized in the funds.			(219,113)
Unamortized amounts on refundings are not recognized in the funds.			122,163
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(84,278)
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		(25,842,465)	
Lease purchase agreement		(177,154)	
Compensated absences		(2,894,693)	
Early retirement incentive		(5,000)	
OASBO note payable		(408,000)	
Total		(29,327,312)	(29,327,312)
<b>Net position of governmental activities</b>		\$	28,452,943

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**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, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 26,316,768	\$ 3,324,374	\$ 1,832,967	\$ 31,474,109
Income taxes . . . . .	5,729,828	-	-	5,729,828
Payment in lieu of taxes . . . . .	180,934	-	234,685	415,619
Tuition . . . . .	379,184	-	8,525	387,709
Earnings on investments . . . . .	18,528	-	1,006	19,534
Charges for services . . . . .	-	-	1,369,180	1,369,180
Extracurricular . . . . .	228,103	-	554,026	782,129
Classroom materials and fees . . . . .	220,894	-	-	220,894
Other local revenues . . . . .	277,029	-	168,242	445,271
Intergovernmental - intermediate . . . . .	-	-	37,851	37,851
Intergovernmental - state . . . . .	11,539,542	364,122	594,562	12,498,226
Intergovernmental - federal . . . . .	-	-	1,457,448	1,457,448
<b>Total revenues . . . . .</b>	<b>44,890,810</b>	<b>3,688,496</b>	<b>6,258,492</b>	<b>54,837,798</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	21,780,162	-	72,332	21,852,494
Special . . . . .	4,229,213	-	932,435	5,161,648
Vocational . . . . .	176,843	-	-	176,843
Support services:				
Pupil . . . . .	2,508,001	-	109,061	2,617,062
Instructional staff . . . . .	634,987	-	191,912	826,899
Board of education . . . . .	34,491	-	-	34,491
Administration . . . . .	2,784,150	-	9,600	2,793,750
Fiscal . . . . .	848,105	38,029	23,478	909,612
Business . . . . .	38,252	-	-	38,252
Operations and maintenance . . . . .	3,902,216	-	17,111	3,919,327
Pupil transportation . . . . .	1,593,690	-	35,421	1,629,111
Central . . . . .	483,489	-	302,196	785,685
Operation of non-instructional services:				
Food service operations . . . . .	-	-	1,678,344	1,678,344
Other non-instructional services . . . . .	-	-	250,518	250,518
Extracurricular activities . . . . .	1,030,484	-	619,977	1,650,461
Facilities acquisition and construction . . . . .	-	-	1,573,158	1,573,158
Debt service:				
Principal retirement . . . . .	-	2,165,000	227,759	2,392,759
Interest and fiscal charges . . . . .	-	1,037,578	31,569	1,069,147
<b>Total expenditures . . . . .</b>	<b>40,044,083</b>	<b>3,240,607</b>	<b>6,074,871</b>	<b>49,359,561</b>
Excess of revenues over expenditures . . . . .	4,846,727	447,889	183,621	5,478,237
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	3,967	3,967
Transfers (out) . . . . .	(3,967)	-	-	(3,967)
<b>Total other financing sources (uses) . . . . .</b>	<b>(3,967)</b>	<b>-</b>	<b>3,967</b>	<b>-</b>
Net change in fund balances . . . . .	4,842,760	447,889	187,588	5,478,237
<b>Fund balances at beginning of year . . . . .</b>	<b>108,891</b>	<b>1,973,696</b>	<b>2,335,384</b>	<b>4,417,971</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 4,951,651</b>	<b>\$ 2,421,585</b>	<b>\$ 2,522,972</b>	<b>\$ 9,896,208</b>

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, 2013

**Net change in fund balances - total governmental funds** \$ 5,478,237

*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.

Capital asset additions	\$	1,678,710	
Current year depreciation		(2,724,881)	
Total			(1,046,171)

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

Property taxes		(181,475)	
Income taxes		31,348	
Payment in lieu of taxes		(430)	
Intergovernmental		119,546	
Total			(31,011)

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 position.

2,392,759

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 less interest being reported in the statement of activities:

Decrease in accrued interest payable		6,786	
Accreted interest on capital appreciation bonds		(262,676)	
Elimination of bond issuance costs		(113,833)	
Amortization of bond premiums		38,700	
Amortization of deferred charges		(20,769)	
Total			(351,792)

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.

290,045

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.

489,163

**Change in net position of governmental activities** **\$ 7,221,230**

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 23,310,155	\$ 23,321,216	\$ 23,014,862	\$ (306,354)
Income taxes. . . . .	5,416,175	5,418,745	5,592,463	173,718
Payments in lieu of taxes. . . . .	179,042	179,127	180,935	1,808
Tuition. . . . .	347,835	348,000	455,090	107,090
Earnings on investments . . . . .	9,995	10,000	18,078	8,078
Extracurricular. . . . .	71,966	72,000	80,165	8,165
Other local revenues . . . . .	83,910	83,950	97,729	13,779
Intergovernmental - state . . . . .	11,167,106	11,172,405	11,539,542	367,137
Total revenues . . . . .	<u>40,586,184</u>	<u>40,605,443</u>	<u>40,978,864</u>	<u>373,421</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	21,350,530	21,795,671	21,633,555	162,116
Special. . . . .	3,950,255	4,032,615	4,202,105	(169,490)
Vocational. . . . .	92,041	93,960	177,119	(83,159)
Support services:				
Pupil. . . . .	2,450,312	2,501,399	2,445,629	55,770
Instructional staff . . . . .	638,190	651,496	624,006	27,490
Board of education . . . . .	40,042	40,877	29,717	11,160
Administration. . . . .	2,828,405	2,887,375	2,866,388	20,987
Fiscal . . . . .	953,260	973,134	854,090	119,044
Business . . . . .	46,587	47,558	38,615	8,943
Operations and maintenance. . . . .	3,960,755	4,043,334	3,853,770	189,564
Pupil transportation . . . . .	1,574,506	1,607,333	1,563,559	43,774
Central. . . . .	471,282	481,108	492,808	(11,700)
Other non-instructional services . . . . .	4,631	4,728	4,698	30
Extracurricular activities. . . . .	806,701	823,520	843,046	(19,526)
Total expenditures . . . . .	<u>39,167,497</u>	<u>39,984,108</u>	<u>39,629,105</u>	<u>355,003</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>1,418,687</u>	<u>621,335</u>	<u>1,349,759</u>	<u>728,424</u>
<b>Other financing sources (uses):</b>				
Transfers (out). . . . .	-	-	(3,967)	(3,967)
Advances in. . . . .	-	-	927	927
Advances (out) . . . . .	-	-	(10,623)	(10,623)
Sale of capital assets . . . . .	1,499	1,500	-	(1,500)
Total other financing sources (uses) . . . . .	<u>1,499</u>	<u>1,500</u>	<u>(13,663)</u>	<u>(15,163)</u>
Net change in fund balance . . . . .	1,420,186	622,835	1,336,096	713,261
<b>Fund balance at beginning of year . . . . .</b>	949,222	949,222	949,222	-
<b>Prior year encumbrances appropriated . . . . .</b>	129,868	129,868	129,868	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,499,276</u>	<u>\$ 1,701,925</u>	<u>\$ 2,415,186</u>	<u>\$ 713,261</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2013

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 2,161,974
Total assets. . . . .	<u>2,161,974</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>501,200</u>
Total liabilities . . . . .	<u>501,200</u>
<b>Net position:</b>	
Unrestricted. . . . .	<u>1,660,774</u>
Total net position. . . . .	<u><u>\$ 1,660,774</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 POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 5,188,071
Total operating revenues . . . . .	<u>5,188,071</u>
 <b>Operating expenses:</b>	
Purchased services. . . . .	405,596
Claims . . . . .	4,293,312
Total operating expenses. . . . .	<u>4,698,908</u>
 Change in net position . . . . .	 489,163
 <b>Net position at beginning of year. . . . .</b>	 <u>1,171,611</u>
 <b>Net position at end of year . . . . .</b>	 <u>\$ 1,660,774</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, 2013

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	5,188,071
Cash payments for purchased services . . . . .	(405,596)
Cash payments for claims . . . . .	<u>(4,235,812)</u>
Net cash provided by operating activities . . . . .	<u>546,663</u>
Net increase in cash and cash cash equivalents. . . . .	546,663
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>1,615,311</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 2,161,974</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 489,163
Changes in assets and liabilities:	
Increase in claims payable . . . . .	<u>57,500</u>
Net cash provided by operating activities. . . . .	<u><u>\$ 546,663</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 384,442	\$ 93,268
Total assets. . . . .	<u>384,442</u>	<u>\$ 93,268</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	221	\$ 90
Intergovernmental payable . . . . .	-	11
Due to students. . . . .	<u>-</u>	<u>93,167</u>
Total liabilities . . . . .	<u>221</u>	<u>\$ 93,268</u>
<b>Net position:</b>		
Held in trust for scholarships . . . . .	<u>384,221</u>	
Total net position. . . . .	<u>\$ 384,221</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 582
Gifts and contributions. . . . .	1,125
Total additions. . . . .	1,707
<b>Deductions:</b>	
Scholarships awarded . . . . .	9,086
Change in net position . . . . .	(7,379)
<b>Net position at beginning of year. . . . .</b>	<b>391,600</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 384,221</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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.

It currently operates 4 elementary schools, 1 junior high school, and 1 comprehensive high school. The District employs 20 administrators, 170 non-certified and 310 certified full-time and part-time employees to provide services to approximately 4,854 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'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" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. 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 access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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 these 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, 2013

**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 Matt Bauer, who serves as Controller, at 219 Howard Drive, 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 deferred outflows and liabilities and deferred inflows 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, 2013

**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 position and changes in net position. 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 position 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, deferred outflows, liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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 deferred outflows and current liabilities and deferred inflows 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 position. The statement of changes in fund net position 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 revenue 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, 2013

**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.

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Income taxes, payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

*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, 2013

**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 2013.

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, 2013**

**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 2013, investments were limited to investments in repurchase agreements and the State Treasury Asset Reserve of Ohio (STAR Ohio).

The District had invested funds in STAR Ohio during fiscal year 2013. 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, 2013.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or 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 2013 amounted to \$18,528, which includes \$14,431 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, 2013

**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 maintains a capitalization threshold of \$2,500 for its capital assets. In addition, a capital asset must have an estimated useful life greater than 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 and construction in progress 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 resulting from short-term interfund loans between governmental funds are classified as "interfund receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net position.

**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, 2013

**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, 2013 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, 2013

**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 for school bus purchases. See Note 19 for details.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**O. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service and school bus purchases.

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

**P. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Unamortized Bond Premium and Deferred Charges on Refunding**

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow of resources on the statement of net position.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**T. Interfund Activity**

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

Interfund activities between governmental funds are eliminated in the statement of activities.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. For the District, the implementation of GASB Statement No. 65 has changed (1) the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to *deferred inflows of resources*, (2) the classification of unamortized deferred charges on debt refunding transactions from a reduction of liabilities to *deferred outflows of resources*, and (3) the reporting of debt issuance costs to an expense in the period incurred rather than amortized over the term of the related debt issuance.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Miscellaneous state grants	\$ 8,669
Title VI-B	96,580
Title I	18,035

The general fund is liable for 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.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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;
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.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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 \$11,205 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, 2013, the carrying amount of all District deposits was 8,972,014, exclusive of the repurchase agreement reported in investments below. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2013, \$8,769,330 of the District’s bank balance of \$9,269,330 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

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**

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment maturities 6 months or less</u>
STAR Ohio	\$ 20,275	\$ 20,275
Repurchase agreements	524,264	524,264
	\$ 544,539	\$ 544,539

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities that underlie the repurchase agreements were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*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. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
STAR Ohio	\$ 20,275	3.72
Repurchase agreements	<u>524,264</u>	<u>96.28</u>
Total investments	<u>\$ 544,539</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

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 position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 8,972,014
Investments	544,539
Cash on hand	<u>11,205</u>
Total	<u>\$ 9,527,758</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 9,050,048
Private-purpose trust fund	384,442
Agency funds	<u>93,268</u>
Total	<u>\$ 9,527,758</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2013 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 10,623

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

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

- B. Interfund transfers for the year ended June 30, 2013, consisted of the following, as reported on the fund financial statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 3,967

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements. No interfund transfers are reported on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**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.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, 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.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 6 - PROPERTY TAXES - (Continued)**

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, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$5,727,570 in the general fund, \$720,124 in the debt service fund, and \$392,790 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$2,425,664 in the general fund, \$324,163 in the debt service fund, and \$183,058 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, 2013 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 deferred inflows.

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 reported as a deferred inflow.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 749,380,420	98.50	\$ 754,867,640	98.35
Public utility personal	<u>11,465,730</u>	<u>1.50</u>	<u>12,641,540</u>	<u>1.65</u>
Total	<u>\$ 760,846,150</u>	<u>100.00</u>	<u>\$ 767,509,180</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 66.50		\$ 69.85	

**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 \$5,729,828 on the governmental fund financial statements during fiscal year 2013.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2013 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 position follows:

**Governmental activities:**

Property taxes	\$ 29,717,093
School district income tax	2,661,969
Payments in lieu of taxes	250,996
Intergovernmental	258,442
Accounts	<u>25,170</u>
Total	<u>\$ 32,913,670</u>

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

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**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for fiscal year 2013 is as follows:

	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2013</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,567,821	\$ -	\$ -	\$ 3,567,821
Construction in progress	<u>170,996</u>	<u>111,131</u>	<u>(170,996)</u>	<u>111,131</u>
Total capital assets, not being depreciated	<u>3,738,817</u>	<u>111,131</u>	<u>(170,996)</u>	<u>3,678,952</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	6,864,614	470,256	-	7,334,870
Buildings and improvements	66,374,036	1,011,012	-	67,385,048
Furniture and equipment	5,750,193	257,307	-	6,007,500
Vehicles	<u>3,123,789</u>	<u>-</u>	<u>-</u>	<u>3,123,789</u>
Total capital assets, being depreciated	<u>82,112,632</u>	<u>1,738,575</u>	<u>-</u>	<u>83,851,207</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(3,895,267)	(496,378)	-	(4,391,645)
Buildings and improvements	(28,743,710)	(1,811,968)	-	(30,555,678)
Furniture and equipment	(4,273,715)	(298,548)	-	(4,572,263)
Vehicles	<u>(2,386,723)</u>	<u>(117,987)</u>	<u>-</u>	<u>(2,504,710)</u>
Total accumulated depreciation	<u>(39,299,415)</u>	<u>(2,724,881)</u>	<u>-</u>	<u>(42,024,296)</u>
Depreciable capital assets, net	<u>42,813,217</u>	<u>(986,306)</u>	<u>-</u>	<u>41,826,911</u>
Governmental activities capital assets, net	<u>\$ 46,552,034</u>	<u>\$ (875,175)</u>	<u>\$ (170,996)</u>	<u>\$ 45,505,863</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 1,537,369
Special	171,418
Vocational	7,056

Support services:

Pupil	169,170
Instructional staff	38,107
Board of education	1,194
Administration	171,066
Fiscal	27,117
Business	1,664
Operations and maintenance	165,910
Pupil transportation	117,987
Central	148,514

Operation of non-instructional services:

Food service operations	92,057
Other non-instructional services	3,542
Extracurricular activities	<u>72,710</u>
Total depreciation expense	<u>\$ 2,724,881</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, 2013

**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, 2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2013</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
<u>General obligation bonds:</u>					
1999B school improvement bonds	\$ 4,170,000	\$ -	\$ (1,225,000)	\$ 2,945,000	\$ 1,385,000
2004 advance refunding bonds					
Current interest bonds	1,450,000	-	-	1,450,000	-
Capital appreciation bonds	530,000	-	(275,000)	255,000	255,000
Accreted interest	753,483	92,813	(425,000)	421,296	421,296
2006 advance refunding bonds					
Current interest bonds	8,780,000	-	(170,000)	8,610,000	170,000
Capital appreciation bonds	69,995	-	-	69,995	-
Accreted interest	216,765	83,292	-	300,057	-
2007 advance refunding bonds					
Current interest bonds	8,665,000	-	(50,000)	8,615,000	50,000
Capital appreciation bonds	164,993	-	-	164,993	-
Accreted interest	241,457	73,323	-	314,780	-
2011 advance refunding bonds					
Current interest bonds	2,640,000	-	(20,000)	2,620,000	20,000
Capital appreciation bonds	48,955	-	-	48,955	-
Accreted interest	14,141	13,248	-	27,389	-
Total general obligation bonds payable	<u>27,744,789</u>	<u>262,676</u>	<u>(2,165,000)</u>	<u>25,842,465</u>	<u>2,301,296</u>
<u>Other long-term obligations:</u>					
OASBO note payable	469,000	-	(61,000)	408,000	62,000
Lease purchase agreement	343,913	-	(166,759)	177,154	87,238
Early retirement incentive	131,074	-	(96,060)	35,014	30,014
Compensated absences	3,523,457	358,285	(535,922)	3,345,820	573,265
Total other long-term obligations	<u>4,467,444</u>	<u>358,285</u>	<u>(859,741)</u>	<u>3,965,988</u>	<u>752,517</u>
Total long-term obligations governmental activities	<u>\$ 32,212,233</u>	<u>\$ 620,961</u>	<u>\$ (3,024,741)</u>	29,808,453	<u>\$ 3,053,813</u>
Unamortized premium on bonds				219,113	
Total on statement of net position				<u>\$ 30,027,566</u>	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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 position.

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 position.

At June 30, 2013, the refunding issue is comprised of both current interest bonds, par value \$1,450,000, and capital appreciation bonds, par value \$255,000. The interest rate on the current interest bonds ranges from 2.00-4.00%. The capital appreciation bonds mature 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 \$705,000. Total accreted interest of \$421,296 has been included in the statement of net position.

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 position.

At June 30, 2013, the refunding issue is comprised of both current interest bonds, par value \$8,610,000, 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 \$300,057 has been included in the statement of net position.

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, 2013

**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 position.

At June 30, 2013, the refunding issue is comprised of both current interest bonds, par value \$8,615,000, 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 \$314,780 has been included in the statement of net position.

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 position.

At June 30, 2013, the refunding issue is comprised of both current interest bonds, par value \$2,620,000, 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 \$27,389 has been included in the statement of net position.

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.

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 district managed student activity fund (a nonmajor governmental fund). At June 30, 2013, the District had outstanding borrowings of \$408,000.

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, 2013

**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, 2013, are as follows:

Fiscal Year Ended	1999B School Improvement Bonds		
	Principal	Interest	Total
2014	\$ 1,385,000	\$ 129,519	\$ 1,514,519
2015	1,560,000	44,850	1,604,850
Total	<u>\$ 2,945,000</u>	<u>\$ 174,369</u>	<u>\$ 3,119,369</u>

Fiscal Year Ended	2004 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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>\$ 1,450,000</u>	<u>\$ 115,535</u>	<u>\$ 1,565,535</u>	<u>\$ 255,000</u>	<u>\$ 450,000</u>	<u>\$ 705,000</u>

Fiscal Year Ended	2006 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 170,000	\$ 339,925	\$ 509,925	\$ -	\$ -	\$ -
2015	175,000	333,456	508,456	-	-	-
2016	170,000	326,987	496,987	-	-	-
2017	-	323,800	323,800	69,995	815,005	885,000
2018	130,000	321,200	451,200	-	-	-
2019 - 2023	660,000	1,526,400	2,186,400	-	-	-
2024 - 2026	7,305,000	446,300	7,751,300	-	-	-
Total	<u>\$ 8,610,000</u>	<u>\$ 3,618,068</u>	<u>\$ 12,228,068</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, 2013

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

2007 Advance Refunding Bonds						
Fiscal	Current Interest Bonds			Capital Appreciation Bonds		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
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	-	356,887	356,887	93,619	386,381	480,000
2018	25,000	356,356	381,356	-	-	-
2019 - 2023	8,480,000	943,851	9,423,851	-	-	-
Total	<u>\$ 8,615,000</u>	<u>\$ 2,732,356</u>	<u>\$ 11,347,356</u>	<u>\$ 164,993</u>	<u>\$ 625,007</u>	<u>\$ 790,000</u>

2011 Advance Refunding Bonds						
Fiscal	Current Interest Bonds			Capital Appreciation Bonds		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 20,000	\$ 66,638	\$ 86,638	\$ -	\$ -	\$ -
2015	20,000	66,238	86,238	-	-	-
2016	1,515,000	48,994	1,563,994	-	-	-
2017	-	31,950	31,950	-	-	-
2018	1,065,000	15,975	1,080,975	48,955	131,045	180,000
Total	<u>\$ 2,620,000</u>	<u>\$ 229,795</u>	<u>\$ 2,849,795</u>	<u>\$ 48,955</u>	<u>\$ 131,045</u>	<u>\$ 180,000</u>

Fiscal	OASBO Note Payable		
Year Ended	Principal	Interest	Total
2014	\$ 62,000	\$ 12,441	\$ 74,441
2015	65,000	10,345	75,345
2016	67,000	8,168	75,168
2017	69,000	5,923	74,923
2018	71,000	3,614	74,614
2019	74,000	1,221	75,221
Total	<u>\$ 408,000</u>	<u>\$ 41,712</u>	<u>\$ 449,712</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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, 2013, are a voted debt margin of \$46,718,468 (including available funds of \$2,421,585) and an unvoted debt margin of \$767,509.

**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 lease 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 are 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 position 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, 2013 was \$104,260, leaving a current book value of \$312,783 (net of a salvage value of \$46,338). A corresponding liability has been recorded in the governmental activities on the statement of net position.

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, 2013.

<u>Fiscal Year</u>	<u>Payments</u>
2014	\$ 92,676
2015	<u>92,676</u>
Total minimum lease payments	185,352
Less: amount representing interest	<u>(8,198)</u>
Present value of minimum lease payments	<u>\$ 177,154</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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, 2013, 20 employees are participating in the early retirement incentive. A current liability of \$30,014 has been reported in the general fund. The early retirement incentive liability of \$35,014 is reported on the statement of net position.

**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, 2013

**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 \$501,200 at June 30, 2013 and are based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling claims.

Changes in claims activity for the 2013 and 2012 fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2013	\$ 443,700	\$ 4,293,312	\$ (4,235,812)	\$ 501,200
2012	472,300	3,671,619	(3,700,219)	443,700

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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](http://www.ohsers.org), under "*Employers/Audit Resources*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the 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 2013, 13.05 percent and 0.05 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, 2013, 2012 and 2011 were \$651,582, \$636,490 and \$616,469, respectively; 73.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**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](http://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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 14 - PENSION PLANS - (Continued)**

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 2013, 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.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$2,637,570, \$2,696,972 and \$2,753,900, respectively; 84.19 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$148,524 made by the District and \$106,089 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, 2013, 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 monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the 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](http://www.ohsers.org), under "Employers/Audit Resources".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 2013, 0.16 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 2013, the actuarially determined amount was \$20,525.

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, 2013, 2012 and 2011 were \$80,567, \$102,531 and \$156,291, respectively; 73.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$36,807, \$37,588 and \$39,671, respectively; 73.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**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](http://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 2013, 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, 2013, 2012 and 2011 were \$202,890, \$207,459 and \$211,838, respectively; 84.19 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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	\$ 1,336,096
Net adjustment for revenue accruals	3,438,493
Net adjustment for expenditure accruals	(14,799)
Net adjustment for other sources/uses	9,696
Funds budgeted elsewhere	15,232
Adjustment for encumbrances	58,042
GAAP basis	<u>\$ 4,842,760</u>

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, 2013

**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 - 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>Year-End Encumbrances</u>
General fund	\$ 41,435
Other governmental	<u>654,258</u>
Total	<u>\$ 695,693</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, 2013

**NOTE 19 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, 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. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	792,787
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(1,880,899)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (1,088,112)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 20 - FUND BALANCE**

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

Fund balance	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ -	\$ -	\$ 21,075	\$ 21,075
Prepays	17,509	-	2,453	19,962
Total nonspendable	<u>17,509</u>	<u>-</u>	<u>23,528</u>	<u>41,037</u>
Restricted:				
Debt service	-	2,421,585	-	2,421,585
Capital improvements	-	-	1,076,726	1,076,726
Food service operations	-	-	380,389	380,389
Non-public schools	-	-	48,919	48,919
Extracurricular	-	-	404,324	404,324
Targeted academic assistance	-	-	215	215
School bus purchases	1,270	-	-	1,270
Other purposes	-	-	38,914	38,914
Total restricted	<u>1,270</u>	<u>2,421,585</u>	<u>1,949,487</u>	<u>4,372,342</u>
Committed:				
Capital improvements	-	-	673,241	673,241
Other purposes	11,000	-	-	11,000
Total committed	<u>11,000</u>	<u>-</u>	<u>673,241</u>	<u>684,241</u>
Assigned:				
Student instruction	20,470	-	-	20,470
Student and staff support	144,180	-	-	144,180
Uniform school supplies	70,972	-	-	70,972
Other purposes	75,571	-	-	75,571
Total assigned	<u>311,193</u>	<u>-</u>	<u>-</u>	<u>311,193</u>
Unassigned (deficit)	<u>4,610,679</u>	<u>-</u>	<u>(123,284)</u>	<u>4,487,395</u>
Total fund balances	<u>\$ 4,951,651</u>	<u>\$ 2,421,585</u>	<u>\$ 2,522,972</u>	<u>\$ 9,896,208</u>

**NOTE 21 - SUBSEQUENT EVENT**

In October of 2013, the District received an HB264 energy conservation loan from the bank in excess of \$4 million. The loan will be used for energy conservation projects throughout the District.

## **SUPPLEMENTARY DATA**

**PERRYSBURG EXEMPTED SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Child Nutrition Grant Cluster:</b>				
(D) (E) School Breakfast Program	10.553	2013	\$ 7,676	\$ 7,676
<b>Total School Breakfast Program</b>			<u>7,676</u>	<u>7,676</u>
(D) (E) National School Lunch Program	10.555	2013	353,623	353,623
(C) (D) National School Lunch Program - Food Donation	10.555	2013	90,398	90,398
<b>Total National School Lunch Program</b>			<u>444,021</u>	<u>444,021</u>
<b>Total U.S. Department of Agriculture and Child Nutrition Grant Cluster</b>			<u>451,697</u>	<u>451,697</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
Title I Grants to Local Educational Agencies	84.010	2012	32,628	37,609
Title I Grants to Local Educational Agencies	84.010	2013	176,752	203,961
<b>Total Title I Grants to Local Educational Agencies</b>			<u>209,380</u>	<u>241,570</u>
(F) Special Education_Grants to States	84.027	2012	99,882	145,975
(F) Special Education_Grants to States	84.027	2013	674,635	626,613
<b>Total Special Education_Grants to States</b>			<u>774,517</u>	<u>772,588</u>
Educational Technology State Grants	84.318	2012	901	925
Education Jobs	84.410	2012	64,345	64,934
(F) ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act	84.395A	2012	(2,927)	152
(F) ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act	84.395A	2013	24,191	22,628
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act - Entry Year Teacher	84.395A	2012	4,550	4,446
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act - Alternate Compensation Plan	84.395A	2013	42,799	31,907
<b>Total ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act</b>			<u>68,613</u>	<u>59,133</u>
English Language Acquisition Grants	84.365	2012	4,016	6,207
English Language Acquisition Grants	84.365	2013	19,368	24,213
<b>Total English Language Acquisition Grants</b>			<u>23,384</u>	<u>30,420</u>
(F) Improving Teacher Quality State Grants	84.367	2012	3,969	6,029
(F) Improving Teacher Quality State Grants	84.367	2013	77,966	77,717
<b>Total Improving Teacher Quality State Grants</b>			<u>81,935</u>	<u>83,746</u>
<b>Total U.S. Department of Education</b>			<u>1,223,075</u>	<u>1,253,316</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,674,772</u>	<u>\$ 1,705,013</u>

- (A) OAKS did not assign pass-through numbers for fiscal year 2013.
- (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 Grant 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) 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 2013, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Special Education_Grants to States	84.027	2012	\$ 7,689	
Special Education_Grants to States	84.027	2013		\$ 7,689
Improving Teacher Quality State Grants	84.367	2012	4,845	
Improving Teacher Quality State Grants	84.367	2013		4,845
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act	84.395A	2012	2,927	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act	84.395A	2013		2,927
<b>Totals</b>			<u>\$ 15,461</u>	<u>\$ 15,461</u>



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

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

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the Perrysburg Exempted Village School District's basic financial statements and have issued our report thereon dated December 20, 2013.

***Internal Control Over Financial Reporting***

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

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

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

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

Julian & Grube, Inc.  
December 20, 2013



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

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

To the Board of Education:

***Report on Compliance for Each Major Federal Program***

We have audited the Perrysburg Exempted Village School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Perrysburg Exempted Village School District's major federal program for the fiscal year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Perrysburg Exempted Village School District's major federal program.

***Management's Responsibility***

The Perrysburg Exempted Village School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the Perrysburg Exempted Village School District's compliance for each of the Perrysburg Exempted Village School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Perrysburg Exempted Village School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Perrysburg Exempted Village School District's major program. However, our audit does not provide a legal determination of the Perrysburg Exempted Village School District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Perrysburg Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2013.

Board of Education  
Perrysburg Exempted Village School District

***Report on 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 applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Perrysburg Exempted Village School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Perrysburg Exempted Village School District's internal control over compliance.

*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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
December 20, 2013

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2013**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<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>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education Grants to States, CFDA #84.027
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**2. 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



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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 schooldistrict 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 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 May 21, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

This report is intended solely for the information and use of the Board 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 20, 2013

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# 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  
MARCH 20, 2014**