

Perry Local School District

Audited Financial Statements

June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Perry Local School District

We have reviewed the Independent Auditor's Report of the Perry Local School District, Stark County, prepared by Rea & Associates, Inc. for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

February 2, 2004

This Page is Intentionally Left Blank.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY**

JUNE 30, 2003

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	2-9
Government-Wide Financial Statements:	
Statement of Net Assets.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	12
Reconciliation of Total Governmental Fund Balances to Net Assets Governmental Activities.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	16
Statement of Fiduciary Assets and Liabilities.....	17
Notes to the Basic Financial Statements.....	18-44
Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	45
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	46-47
Schedule of Expenditures of Federal Awards.....	48
Notes to Schedule of Expenditures of Federal Awards.....	49
Schedule of Findings & Questioned Costs.....	50

This Page is Intentionally Left Blank.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 22, 2003

The Board of Education
Perry Local School District
Massillon, Ohio

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Perry Local School District, Stark County, Ohio as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry Local School District, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison of the General Fund thereafter for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As stated in Note 4, the School District adopted Governmental Accounting Standards Board (GASB) Statements No. 34, "Basic Financial Statements and Management's Discussion and Analysis, No. 37, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments: Omnibus, and No. 38, Certain Financial Statement Note Disclosures, and GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financials."

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Rea & Associates, Inc.

Perry Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

The discussion and analysis of the Perry Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

- General Revenues accounted for \$36.9 million in revenue or 86.8% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$5.6 million or 13.2% of total revenues of \$42.5 million.
- Total program expenses were \$38.7 million in governmental activities.
- In total, net assets increased \$3.8, which represents a 21% increase from 2002.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Perry Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

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

The Statement of Net Assets and the Statement of Activities is comprised of one category:

- Governmental Activities - The School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The School District's major fund's financial statements begin on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

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

Perry Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2003 compared to 2002:

(Table 1)
Net Assets

	Governmental Activities	
	2003	2002
Assets		
Current and Other Assets	\$ 36,303,408	\$ 33,235,754
Capital Assets	16,784,435	16,267,108
Total Assets	53,087,843	49,502,862
Liabilities		
Long-Term Liabilities	3,943,614	4,261,107
Other Liabilities	26,778,545	26,726,872
Total Liabilities	30,722,159	30,987,979
Net Assets		
Invested in Capital Assets Net of Debt	16,784,435	16,267,108
Restricted	4,693,320	1,135,392
Unrestricted (Deficit)	887,929	1,112,383
Total Net Assets	\$ 22,365,684	\$ 18,514,883

Total assets increased by \$3.8 million. An increase of \$517,327 in total capital assets reflects additional purchases exceeding depreciation. Equity in pooled cash and cash equivalents was the majority of the increase in governmental assets. Total liabilities decreased by \$265,820 with governmental liabilities comprising that entire amount. This decrease was primarily the result of decreased deferred revenue.

Perry Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

Table 2 shows the changes in net assets for fiscal year 2003. Since this is the first year the School District has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2002 are not available. This table will present two fiscal years in side-by-side comparisons in successive reporting years. This will enable the reader to draw further conclusion about the District's financial status and possibly project future problems.

(Table 2)
Governmental Activities
Changes in Net Assets

	Governmental Activities
	2003
Revenues	
<i>Program Revenues:</i>	
Charges for Services	\$ 3,023,667
Operating Grants	2,583,147
<i>General Revenue:</i>	
Property Taxes	21,525,460
Grants and Entitlements	14,595,094
Other	817,207
<i>Total Revenues</i>	42,544,575
Program Expenses	
Instruction	21,688,141
Support Services	13,210,551
Operation of Non-Instructional	1,898,843
Extracurricular Activities	889,526
Capital Outlay	952,898
Interest and Fiscal Charges	53,815
<i>Total Expenses</i>	38,693,774
Increase (Decrease) in Net Assets	\$ 3,850,801

Perry Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental funds had total revenues of \$45.7 million and expenditures of \$42.5 million. Comparisons to 2002 have not been made since they are not available.

(Table 3)
Governmental Activities
Cost of Services

	2003	
	Total Cost of Service	Net Cost of Service
Instruction	\$ 21,688,141	\$ 19,137,480
Support Services:		
Pupil and Instructional Staff	3,915,754	3,056,957
Board of Education, Administration and Fiscal	3,601,650	3,534,403
Operation and Maintenance of Plant	3,531,920	3,455,695
Pupil Transportation	1,928,123	1,924,726
Central	233,104	209,395
Operation of Non-Instructional	1,898,843	112,126
Extracurricular Activities	889,526	649,465
Capital Outlay	952,898	952,898
Interest and Fiscal Charges	53,815	53,815
 Total Expenses	 \$ 38,693,774	 \$ 33,086,960

Instruction and student support services comprise 56% of governmental program expenses. Interest/fiscal charges were 1%. Interest expense was attributable to the outstanding loans, and fiscal expenses include payments to the County Auditor(s) for administrative fees. Pupil transportation and the operation/maintenance of facilities accounts for 14% of governmental program expenses. Food service operations are reported in the "Operation of Non-Instructional" function.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support (51%) for Perry Local School District students.

Perry Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

General Fund Budgeting Highlights

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

During the course of fiscal year 2003, the School District did modify its general fund budget by 5%. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, budget basis revenue was \$1.6 million over the original budget estimate of \$34.2 million. Of this \$1.6 million overage, \$600,000 was caused by a change in accounting for open enrollment tuition during the fiscal year from using the net proceeds to using the gross tuition for incoming open enrollment students. Also, an additional \$928,000 change was caused by increases in state foundation basic aid, excess cost supplement, special education weighted, vocational, and parity funding. The increase was due to increased enrollment and valuation adjustments for tax refunds. Offsetting decreases of \$608,000 occurred in investment income and local tax revenue due to a poor economy and increased delinquency rates.

Final appropriations of \$38,100,223 were \$1,748,213 higher than the \$36,352,010 in the original budget. Fringe benefits were under budget by \$330,579 due to a one month insurance premium holiday, purchased services were over budget by \$752,597 due to increases in tuition, utilities and property and fleet insurance. Materials and supplies were under budget by \$104,000. Capital expenditures were under budget by \$ 1,414,000 since planned expenditures were shifted to the permanent improvements fund. \$3.5 million was transferred from the general fund to the permanent improvements fund for planned capital projects.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2003, the School District had \$16.7 million invested in land, buildings, equipment and vehicles. Table 4 shows fiscal year 2003 balances compared with 2002.

Perry Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

(Table 4)
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2003	2002
Land and Improvements	\$ 834,068	\$ 817,148
Buildings and Building Improvements	13,342,623	13,403,760
Furniture and Equipment	414,420	345,519
Vehicles	1,529,454	1,466,205
Construction in Progress	429,394	0
Totals	\$ 16,549,959	\$ 16,032,632

The \$517,327 increase in capital assets was attributable to additional purchases exceeding depreciation expense.

A change in Ohio law required school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2003, this amounted to \$645,292 for each set aside. For fiscal year 2003, the School District had qualifying disbursements or offsets exceeding these requirements. The School District has budgeted to meet these requirements.

Current Issues

Due to a change in open enrollment policy, it is expected that open enrollment students attending Perry Local Schools will decrease in future years. Previously, any student who was enrolled in the District was permitted to stay in the system under open enrollment for the current and subsequent years if the parents moved from the District. Parents often moved to neighboring city districts to obtain more affordable housing while still allowing their children to attend Perry Schools. Currently, these students are required to leave the district and reapply each year under open enrollment and will be permitted to attend only if there are openings.

In addition, a lack of new upscale housing in the District is causing families to move to neighboring districts where there are many new and varied housing developments being constructed. The population of the District has remained fairly steady with some new housing in the South West corner.

Several bankruptcies in the area have affected employment as well as taxable values. These include Rubbermaid, K-Mart and Fleming Company.

An attempt is being made by a grass roots committee to beautify the commercial stretch running through the center of the District to attract new businesses. To date, this attempt has been unsuccessful.

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

Perry Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Beth Winkhart, Treasurer of Perry Local School District, 4201 13th St. S.W., Massillon, OH 44646 or winkhart@sparcc.org.

Perry Local School District

Statement of Net Assets

June 30, 2003

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 11,675,045
Cash and Cash Equivalents:	
In Segregated Accounts	102,515
Receivables:	
Taxes	23,865,338
Accounts	72,712
Intergovernmental	100,513
Inventory Held For Resale	44,773
Materials and Supplies	1,090
Inventory	45,227
Capital Assets (Net)	<u>16,549,959</u>
<i>Total Assets</i>	<u>52,457,172</u>
Liabilities	
Accounts Payable	146,869
Contracts Payable	425,712
Accrued Wages and Benefits	3,412,110
Vacation Payable	85,357
Intergovernmental Payable	1,068,769
Deferred Revenue	21,639,728
Long Term Liabilities:	
Due Within One Year	175,311
Due Within More Than One Year	<u>3,768,303</u>
<i>Total Liabilities</i>	<u>30,722,159</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	16,549,959
Restricted for:	
Capital Projects	4,578,856
Debt Service	102,578
Other Purposes	(256,383)
Unrestricted	<u>760,003</u>
<i>Total Net Assets</i>	<u>\$ 21,735,013</u>

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

Perry Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total
Governmental Activities				
Current:				
Instruction:				
Regular	\$ 16,306,499	\$ 1,790,678	\$ 349,716	\$ (14,166,105)
Special	3,342,137	145,407	263,389	(2,933,341)
Vocational	2,039,505	523	948	(2,038,034)
Support services:				
Pupils	2,452,847	145,117	262,864	(2,044,866)
Instructional staff	1,462,907	160,353	290,463	(1,012,091)
Board of education	125,886	0	0	(125,886)
Administration	2,721,980	23,250	42,114	(2,656,616)
Fiscal	753,784	670	1,213	(751,901)
Operation and maintenance of plant	3,531,920	27,113	49,112	(3,455,695)
Pupil transportation	1,928,123	1,208	2,189	(1,924,726)
Central	233,104	8,433	15,276	(209,395)
Operation of non-instructional services	1,898,843	635,526	1,151,191	(112,126)
Extracurricular activities	889,526	85,389	154,672	(649,465)
Capital outlay	952,898	0	0	(952,898)
Debt service:				
Interest and fiscal charges	53,815	0	0	(53,815)
<i>Total Governmental Activities</i>	<u>38,693,774</u>	<u>3,023,667</u>	<u>2,583,147</u>	<u>(33,086,960)</u>
<i>Totals</i>	<u>\$ 38,693,774</u>	<u>\$ 3,023,667</u>	<u>\$ 2,583,147</u>	<u>\$ (33,086,960)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	20,310,132
Capital Outlay	819,133
Grants and Entitlements not Restricted to Specific Program	14,595,094
Investment Earnings	172,534
Miscellaneous	642,598
Gain on Sale of Capital Assets	2,075
Total General Revenues	<u>36,541,566</u>
Change in Net Assets	3,454,606
Net Assets Beginning of Year	<u>18,280,407</u>
Net Assets End of Year	<u>\$ 21,735,013</u>

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

Perry Local School District
Balance Sheet
Governmental Funds
June 30, 2003

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,094,988	\$ 4,915,174	\$ 664,883	\$ 11,675,045
Cash and Cash Equivalents:				
In Segregated Accounts	102,515	0	0	102,515
Receivables:				
Taxes	22,988,181	877,157	0	23,865,338
Accounts	72,712	0	0	72,712
Intergovernmental	0	0	100,513	100,513
Inventory Held For Resale	0	0	44,773	44,773
Materials and Supplies	0	0	1,090	1,090
Inventory	45,227	0	0	45,227
<i>Total Assets</i>	<u>\$ 29,303,623</u>	<u>\$ 5,792,331</u>	<u>\$ 811,259</u>	<u>\$ 35,907,213</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 38,099	\$ 25,324	\$ 83,446	\$ 146,869
Contracts Payable	26,017	399,695	0	425,712
Accrued Wages and Benefits	3,135,139	0	276,971	3,412,110
Accrued Vacation Payable	84,740	0	617	85,357
Intergovernmental Payable	708,925	0	49,003	757,928
Deferred Revenue	21,568,391	815,247	8,350	22,391,988
<i>Total Liabilities</i>	25,561,311	1,240,266	418,387	27,219,964
Fund Balances				
Retained Earnings:				
Unreserved	0	0	40,521	40,521
Fund Balance:				
Reserved for Encumbrances	316,779	2,067,700	181,516	2,565,995
Reserved for Inventory	45,227	0	0	45,227
Reserved for Tax Revenue Unavailable for Appropriation	1,419,790	61,910	0	1,481,700
Reserved for Debt Services:				
Principal	102,515	0	0	102,515
Unreserved:				
Undesignated, Unreserved Reported in:				
General Fund	1,858,001	0	0	1,858,001
Special Revenue Funds	0	0	170,701	170,701
Capital Projects Funds	0	2,422,455	134	2,422,589
<i>Total Fund Balances</i>	<u>3,742,312</u>	<u>4,552,065</u>	<u>392,872</u>	<u>8,687,249</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 29,303,623</u>	<u>\$ 5,792,331</u>	<u>\$ 811,259</u>	<u>\$ 35,907,213</u>

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

Perry Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2003*

Total Governmental Fund Balances		\$ 8,687,249
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		16,549,959
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 8,350	
Delinquent Property Taxes	743,910	752,260
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(3,153,614)	
Capital Lease Payable	(790,000)	
Intergovernmental Payable	(310,841)	(4,254,455)
Net Assets of Governmental Activities		\$ 21,735,013

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

Perry Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 20,335,765	\$ 819,814	\$ 0	\$ 21,155,579
Intergovernmental	14,238,437	89,846	2,843,303	17,171,586
Investment income	169,452	0	3,082	172,534
Tuition and fees	1,579,415	0	49,918	1,629,333
Extracurricular activities	18,198	0	466,372	484,570
Charges for services	0	0	909,765	909,765
Miscellaneous	546,562	0	96,036	642,598
<i>Total Revenues</i>	36,887,829	909,660	4,368,476	42,165,965
Expenditures:				
Current:				
Instruction:				
Regular	15,374,862	0	633,215	16,008,077
Special	2,945,320	0	423,814	3,369,134
Vocational	2,000,974	0	1,500	2,002,474
Support services:				
Pupils	1,909,474	0	430,595	2,340,069
Instructional staff	929,154	0	443,086	1,372,240
Board of education	125,636	0	0	125,636
Administration	2,436,530	0	60,973	2,497,503
Fiscal	716,937	0	1,920	718,857
Operation and maintenance of plant	3,270,303	0	77,749	3,348,052
Pupil transportation	1,885,995	0	3,465	1,889,460
Central	207,267	0	24,183	231,450
Operation of non-instructional services	23,213	0	1,780,420	1,803,633
Extracurricular activities	578,231	0	240,413	818,644
Capital outlay	1,072,814	1,052,952	119	2,125,885
Debt service:				
Principal retirement	80,000	0	190,000	270,000
Interest and fiscal charges	48,162	0	5,653	53,815
<i>Total Expenditures</i>	33,604,872	1,052,952	4,317,105	38,974,929
<i>Excess of Revenues Over (Under) Expenditures</i>	3,282,957	(143,292)	51,371	3,191,036
Other Financing Sources (Uses):				
Proceeds from sales of fixed assets	2,075	0	0	2,075
Operating transfers in	0	3,500,000	44,000	3,544,000
Operating transfers out	(3,544,000)	0	0	(3,544,000)
<i>Total Financing Sources and (Uses)</i>	(3,541,925)	3,500,000	44,000	2,075
<i>Net Change in Fund Balance</i>	(258,968)	3,356,708	95,371	3,193,111
<i>Fund balance at beginning of year</i>	4,012,082	1,195,357	297,501	5,504,940
<i>Increase (decrease) in reserve for inventory</i>	(10,802)	0	0	(10,802)
<i>Fund balance at end of year</i>	<u>\$ 3,742,312</u>	<u>\$ 4,552,065</u>	<u>\$ 392,872</u>	<u>\$ 8,687,249</u>

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

Perry Local School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds \$ 3,193,111

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

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

Fixed Asset Additions	1,172,987	
Current Year Depreciation	(655,660)	517,327

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

Grants	6,654	
Delinquent Property Taxes	(26,314)	(19,660)

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

Note Principal	190,000	
Capital Leases	80,000	270,000

Some expenses reported in the statement of net activities do not use the current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(385,441)	
Pension Obligation	(109,929)	
Change in Inventory	(10,802)	(506,172)

Change in Net Assets of Governmental Activities \$ 3,454,606

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

Perry Local School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 19,820,000	\$ 19,277,365	\$ 19,277,365	\$ 0
Intergovernmental	13,310,439	14,238,437	14,238,437	0
Investment Income	233,000	168,617	168,617	0
Tuition and Fees	398,900	1,580,840	1,580,840	0
Extracurricular Activities	15,000	18,198	18,198	0
Rentals	0	0	0	0
Charges for Services	0	0	0	0
Miscellaneous	472,250	592,328	592,328	0
<i>Total Revenues</i>	<u>34,249,589</u>	<u>35,875,785</u>	<u>35,875,785</u>	<u>0</u>
Expenditures:				
Current				
Instruction	20,407,950	20,655,231	20,655,231	0
Support Services				
Pupils	1,907,056	1,892,849	1,892,849	0
Instructional Staff	913,410	924,292	924,292	0
Board of Education	131,853	132,853	132,853	0
Administration	2,481,405	2,433,277	2,433,277	0
Fiscal	655,345	660,055	660,055	0
Business	0	0	0	0
Operation and Maintenance of Plant	3,562,434	3,240,551	3,240,551	0
Pupil Transportation	1,869,036	1,878,748	1,878,748	0
Central	300,749	238,561	238,561	0
Operation of Non-Instructional Services	35,000	35,098	35,098	0
Extracurricular Activities	606,281	589,230	589,230	0
Capital Outlay	3,270,491	1,434,762	1,434,762	0
Debt Service				
Principal Retirement	0	80,000	80,000	0
Interest and Fiscal Charges	0	47,725	47,725	0
<i>Total Expenditures</i>	<u>36,141,010</u>	<u>34,243,232</u>	<u>34,243,232</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(1,891,421)	1,632,553	1,632,553	0
Other Financing Sources (Uses):				
Proceeds of Bonds	0	0	0	0
Inception of Capital Lease	0	0	0	0
Proceeds of Notes	0	0	0	0
Proceeds from Sale of Assets	0	2,075	2,075	0
Refund of Prior Year Expenditures	0	0	0	0
Other Financing Sources	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0
Other Financing Uses	0	0	0	0
Advances In	251,000	353,000	353,000	0
Advances Out	(211,000)	(313,000)	(313,000)	0
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	(3,544,000)	(3,544,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>40,000</u>	<u>(3,501,925)</u>	<u>(3,501,925)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(1,851,421)	(1,869,372)	(1,869,372)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	7,613,161	7,613,161	7,613,161	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 5,761,740</u>	<u>\$ 5,743,789</u>	<u>\$ 5,743,789</u>	<u>\$ 0</u>

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

Perry Local School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2003

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 42,861
Liabilities	
Accounts Payable	\$ 11,350
Due to Students	31,511
<i>Total Liabilities</i>	<u>\$ 42,861</u>

The Accompanying Notes are an Integral Part of these Basic Financial Statements.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 1 – Description of the School District

The Perry Local School District (District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of October 1, 2002, was 4,800. The District employs 342 certificated and 224 non-certificated employees.

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

Components 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provides financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District does not have any component units.

Included with the reporting entity within the District's boundaries are non-public schools which are operated by religious organizations. Current state legislation provides state funding to these non-public schools. The state monies are received and disbursed on behalf of the school by the District Treasurer, as directed by the school. The receipt and disbursement activity of these monies is reflected in a non major fund.

The District is involved with Stark Portage Area Computer Consortium (SPARCC), CompManagement Workers Compensation Group Rating Program, Stark County School Council of Governments Health Benefits Program, which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 17.

Management believes the general purpose financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

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

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Permanent Improvement Capital Projects Fund The permanent improvement capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of major capital facilities other than those financed by proprietary funds.

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

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets.

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

D. Basis of Accounting

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

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Current property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Delinquent property taxes deemed collectible have been recorded as revenue on the Statement of Activities and deferred revenue on the Balance Sheet. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred 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.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

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

During fiscal year 2003, investments were limited to STAROhio and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2003. Certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$169,452, which includes \$58,502 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

F. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

G. Restricted Assets

Assets are reported as restricted 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 required by statute to be set-aside for the purchase of textbooks and other instructional material and to create a reserve for budget stabilization. See Note 20 for additional information regarding set asides.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. All individual items costing \$5,000 or more with a useful life of 2 years or more are capitalized. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land	N/A
Buildings and Improvements	20-75 Years
Furniture and Fixtures	5-30 Years
Equipment	4-10 Years
Vehicles	12-15 Years

I. Interfund Balances

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

J. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 2 – Summary of Significant Accounting Policies (Continued)

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources.

K. Accrued Liabilities and Long-term Obligations

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

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

L. Net Assets

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

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

M. Fund Balance Reserves

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

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

N. Interfund Activity

Transfers between governmental funds on the government-wide statements are eliminated.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 2 - Summary of Significant Accounting Policies (Continued)

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

O. 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 2003.

P. Estimates

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

Q. Budgetary Data

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. For all funds, the legal level of control was at the fund level. Budgetary modifications that change total fund appropriations 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 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 express 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 Stark County Budget Commission for rate determination.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 2 - Summary of Significant Accounting Policies (Continued)

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

Appropriations A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 3 – Change in Accounting Principle and Restatement of Fund Balances/Net Assets

Changes in Accounting Principles For fiscal year 2003, the School District has implemented GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.

GASB 34 creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2002, caused by elimination of the internal service fund and the conversion to the accrual basis of accounting. Enterprise funds reported in the prior year have been restated and included in the governmental nonmajor funds.

Restatement of Fund Balance The following describes the transition from governmental fund balance to net assets of the governmental activities.

	<u>General</u>	<u>Permanent Improvement Capital Projects</u>	<u>Nonmajor</u>	<u>Total Governmental Funds</u>
Fund Balances, June 30, 2002	\$ 4,012,082	\$ 1,195,476	\$ 297,382	\$ 5,504,940
GASB 34 Adjustments:				
Capital Assets				16,032,634
Capital Leases				(870,000)
Compensated Absences				(2,768,175)
Internal Service Fund				0
Pension Obligations				(200,912)
Long-Term (Deferred) Assets				771,920
Long-Term Liabilities				<u>(190,000)</u>
 Governmental Activities Net Assets, June 30, 2002				 <u>\$ 18,280,407</u>

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 4 – Fund Deficits

Fund balances/net assets at June 30, 2003 included the following individual fund deficits:

	<u>Deficit</u>
Non Major Funds:	
Food Service	\$ 197,387
Title VI-B	18,488
Drug Free School Grant	2,268
Preschool Grant	4,203
Reducing Class Size	5,286

These deficits were created by the application of generally accepted accounting principles.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 5 - Budgetary Basis of Accounting (Continued)

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

Net Change in Fund Balance

	General
GAAP Basis	\$ (258,968)
Net Adjustment for Revenue Accruals	(1,012,044)
Advance In	353,000
Advance Out	(313,000)
Net Adjustment for Expenditure Accruals	(287,162)
Adjustment for Encumbrances	(351,198)
Budget Basis	\$ (1,869,372)

Note 6 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 6 - Deposits and Investments (Continued)

Protection of School 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 6 - Deposits and Investments (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Cash on Hand At year end, the School District had \$500 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$(1,018,199) and the bank balance of \$3,797 was covered by depository insurance; and

Investments GASB Statement No. 3 requires the School District's investments to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$ 1,120,000	\$ 1,120,000	\$ 1,120,000
STAROhio	0	11,615,605	11,615,605
Treasury Money Market	0	102,515	102,515
Totals	<u>\$ 1,120,000</u>	<u>\$ 12,838,120</u>	<u>\$ 12,838,120</u>

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 6 - Deposits and Investments (Continued)

The classification of cash and cash equivalents, and investments on the combined basic financial statements is based on criteria set forth in GASB Statement No. 9.

A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$ 11,820,421	\$ 0
Cash on Hand	(500)	0
Investments which are part of a cash management pool:		
Repurchase Agreements	(1,120,000)	1,120,000
STAROhio	(11,615,605)	11,615,605
Treasury Money Market	(102,515)	102,515
	\$ (1,018,199)	\$ 12,838,120
<i>GASB Statement No. 3</i>		

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2003 for real and public utility property taxes represents collections of calendar 2002 taxes. Property tax payments received during calendar 2003 for tangible personal property (other than public utility property) is for calendar 2003 taxes.

2003 real property taxes are levied after April 1, 2003, on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2003 public utility property taxes became a lien December 31, 2002, are levied after April 1, 2003 and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25% of true value.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 7 - Property Taxes (Continued)

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 365,757,440	62.22%	\$ 359,557,630	62.57%
Commercial Industrial	\$ 106,586,630	18.13%	\$ 100,316,750	17.46%
Tangible Personal Property	93,797,783	15.96%	93,803,162	16.32%
Personal Public Utility	21,666,010	3.69%	20,963,600	3.65%
	<u>\$ 587,807,863</u>	<u>100.00%</u>	<u>\$ 574,641,142</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	<u>\$ 50.20</u>		<u>\$ 50.20</u>	

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 later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers' are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year the June 2002 tangible personal property tax settlement was not received until July of 2002.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Perry Local School District. The County Auditor periodically remits to the District its portion of taxes.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The late settlement and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2003, was \$1,481,700 and is recognized as revenue. \$1,419,790 was available to the general fund and \$61,910 was available to the bond retirement debt service fund.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 8 - Receivables

Receivables at June 30, 2003 consisted of taxes, accounts (customer services and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Non Major Funds:		
IDEA B	\$	30,082
Title V		3,938
Title I		45,205
Drug Free Schools		1,997
Preschool Handicapped		2,845
CAFS Reimbursement		4,323
Title II Teacher Quality		<u>12,123</u>
Total Intergovernmental Receivable	<u>\$</u>	<u>100,513</u>

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Balance 6/30/02	Additions	Reductions	Balance 6/30/03
Governmental Activities				
<i>Capital Assets, being depreciated:</i>				
Land Improvements	\$ 817,148	\$ 16,920	\$ 0	\$ 834,068
Buildings and Improvements	22,222,468	373,710	0	22,596,178
Furniture and Equipment	736,341	104,810	(74,276)	766,875
Vehicles	2,329,473	248,153	(160,200)	2,417,426
Construction In Progress	<u>0</u>	<u>429,394</u>	<u>0</u>	<u>429,394</u>
Total Capital Assets, being depreciated	26,105,430	1,172,987	(234,476)	27,043,941
Less Accumulated Depreciation:				
Buildings and Improvements	(8,818,708)	(434,847)	0	(9,253,555)
Furniture and Equipment	(390,822)	(35,909)	74,276	(352,455)
Vehicles	<u>(863,268)</u>	<u>(184,904)</u>	<u>160,200</u>	<u>(887,972)</u>
Total Accumulated Depreciation	<u>(10,072,798)</u>	<u>(655,660)</u>	<u>234,476</u>	<u>(10,493,982)</u>
Total Capital Assets being depreciated, net	<u>16,032,632</u>	<u>517,327</u>	<u>0</u>	<u>16,549,959</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,032,632</u>	<u>\$ 517,327</u>	<u>\$ 0</u>	<u>\$ 16,549,959</u>

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 9 - Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	243,043
Special		48,342
Vocational		37,727
Support Services:		
Pupil		43,821
Instructional Staff		58,804
Administration		46,271
Fiscal		1,934
Operation and Maintenance of Plant		44,739
Pupil Transportaion		9,499
Operation of Non-Instructional Services		53,186
Extracurricular Activities		68,294
		<hr/>
Total Depreciation	\$	<u>655,660</u>

Note 10 - Risk Management

A. General Insurance

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

B. Fidelity Bond

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

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 10 - Risk Management (Continued)

C. Workers' Compensation

For fiscal year 2003, the District participated in the CompManagement Workers Compensation Group Rating Plan, an insurance purchasing pool (Note 17). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the group. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the group. Each participant pays its worker's compensation premium to the State Bureau of Workers' Compensation based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the group. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the group. Participation in the Plan is limited to school districts that can meet the Plan selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the group.

D. Risk Sharing Pool

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

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

Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board. For fiscal year 2003 the District's and the employee's premiums were \$557.96 and \$62.00 for family coverage and \$229.68 and \$25.52 for single coverage per employee per month, respectively. Dental insurance is also provided by the District to qualified employees through the Stark County Schools Council of Governments. For fiscal year 2003, the District's cost was \$79.94 for family coverage and \$32.41 for single coverage per employee per month. Claims are paid for all participants regardless of claims flow. Upon termination, all District claims would be paid without regard to the District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing school district subsequent to the settlement of all expenses and claims.

The District provided life insurance and accidental death and dismemberment insurance to all employees through the Stark County Schools Council of Governments Health Benefits Program. Coverage ranges from \$10,000 to \$50,000 depending on the daily hours worked by the employee.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 11 - Other Employee Benefits

Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 285 days. Upon retirement, employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 285 days.

Note 12- Defined Benefit Pension Plans

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$614,812, \$570,702 and \$531,054, respectively; 49.6% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. \$310,044, representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-0490.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 12 - Defined Benefit Pension Plans (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$2,27,384, \$2,421,696 and \$2,288,568, respectively; 82.8% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. \$392,104, representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, two members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.

Note 13 - Postemployment Benefits

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

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 13 - Postemployment Benefits (Continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$169,953 during the 2003 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, the health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2003, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$473,093.

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS had approximately 50,000 participants currently receiving health care benefits.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 14 - Long - Term Obligations

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

	<u>Outstanding June 30, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2003</u>	<u>Amounts due in One Year</u>
Energy Conservation Loan, 5.65-5.95% interest rate, maturing December 2002	\$ 190,000	\$ 0	\$ (190,000)	\$ 0	\$ 0
Capital Leases	870,000	0	(80,000)	790,000	85,000
Compensated Absences	<u>2,768,175</u>	<u>385,439</u>	<u>0</u>	<u>3,153,614</u>	<u>90,311</u>
 Total General Long-Term Obligations	 <u>\$ 3,828,175</u>	 <u>\$ 385,439</u>	 <u>\$ (270,000)</u>	 <u>\$3,943,614</u>	 <u>\$ 175,311</u>

Energy conservation loans are direct obligations of the District for which its full faith, credit and resources are pledged. Proceeds from the loans were used for energy conservation improvements to school buildings.

The District's overall legal debt margin was \$51,717,703 at June 30, 2003.

Note 15 - Capitalized Leases

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

The general fixed assets acquired by the leases have been capitalized in the general fixed assets account group in the amount of \$1,266,800. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group and is recorded for each required principal payment.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 15 – Capitalized Leases (Continued)

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2003:

			Science Wing
Year Ending June 30,	2004	\$	127,981
	2005		127,950
	2006		127,631
	2007		127,025
	2008		126,131
	2009		129,806
	2010		205,750
			972,274
Less: Amount representing interest			182,274
Present value of minimum lease payments		\$	790,000

Note 16 – Deferred Revenue

Deferred revenue at June 30, 2003 consisted of the following:

	Statement of Net Assets		Balance Sheet
Property Taxes Receivable	\$ 21,639,728		\$ 22,383,638
Intergovernmental Receivable	0		8,350
Total Deferred Revenue	\$ 21,639,728		\$ 22,391,988

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 17 - Jointly Governed Organizations

Stark Portage Area Computer Consortium

Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization among 31 school districts, the Stark County Educational Service Center and the Portage County Educational Service Center and the Portage County Education Service Center. The purpose of the organization is to apply modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating district is limited to its representation on the assembly, which appoints the five-member executive board. The executive board exercises total control over the operation of SPARCC including budgeting, appropriating, contracting and designating management. The executive board consists of five superintendents. All revenues are generated from State funding and an annual fee charged to participating districts. The District paid \$71,355 to SPARCC during the fiscal year 2003. The Stark County Educational Service Center is the fiscal agent of SPARCC. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38th Street NW, Canton, OH 44709-2300.

Public Entity Risk Pools

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

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

Note 18 - Insurance Purchasing Pool

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

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 19 – Contingencies

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2003.

B. Litigation

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

Note 20 - Set-Asides

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

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
	<u> </u>	<u> </u>	<u> </u>
Set-Aside Carryover Balance as of June 30, 2003	\$ 0	\$ (517,444)	\$ (517,444)
Current Year Set-Aside Requirement	645,292	645,292	1,290,584
Qualifying Disbursements	<u>(2,046,481)</u>	<u>(1,073,567)</u>	<u>(3,120,048)</u>
Total	<u>\$ (1,401,189)</u>	<u>\$ (945,719)</u>	<u>\$ (2,346,908)</u>
Balance Carried Forward FY 2004	<u>\$ 0</u>	<u>\$ (945,719)</u>	<u>\$ (945,719)</u>
Cash Balance Carried Forward FY 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The District had qualifying disbursements during the year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements for future years.

PERRY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 21 – State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed “ the Ohio General Assembly to enact a school funding scheme that is thorough and efficient “. The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and it financial operations.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 22, 2003

To the Board of Education
Perry Local School District
Massillon, OH 44646

Independent Auditor's Report on Compliance and Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Perry Local School District, Stark County, Ohio as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 22, 2003

To the Board of Education
Perry Local School District
Massillon, OH 44646

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of Perry Local School District (the "District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal program is identified in the "summary of auditor's results" section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Perry Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Perry Local School District
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance with OMB Circular A-133
December 22, 2003
Page 2

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Perry Local School District, Stark County, Ohio as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2003. Our audit was performed for the purpose of forming opinions on the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Rea & Associates, Inc.

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA NUMBER	GRANT NUMBER	FEDERAL RECEIPTS	NON-CASH RECEIPTS	FEDERAL DISBURSEMENTS	NON-CASH DISBURSEMENTS
U.S. DEPARTMENT OF EDUCATION						
Passed through Ohio Department of Education						
Title 1, Part A	84.010	C1S1 - 2002	\$ 27,364		\$ 75,751	
Elementary and Secondary Education Act		C1S1 - 2003	<u>339,441</u>		<u>285,143</u>	
Total Title 1			366,805		360,894	
Special Education Cluster:						
Special Education Grants to States	84.027	6BSF - 2002 - P	1,440		67,956	
		6BSF - 2003 - P	488,861		421,040	
Special Education - Preschool Grants	84.173	PGS1 - 2002 - P	1,361		1,587	
		PGS1 - 2003 - P	<u>22,559</u>		<u>22,559</u>	
Total Special Education Cluster			514,221		513,142	
Title VI Ed Improve & Consol	84.298	C2S1 - 2003	28,876		32,666	
Eisenhower Professional Development	84.281	MSS1 - 2002	(44)		11,447	
Title VI R Class Reduction	84.340	CRS1 - 2002	0		16,786	
Safe, Drug-Free Schools & Communities Act Grant	84.186	DRS1 - 2002	3,903		5,590	
		DRS1 - 2003	<u>14,830</u>		<u>12,986</u>	
Total Safe, Drug-Free Schools			18,733		18,576	
Techology Literacy Challenge Fund Grant	84.318	TF51 - 2001	0		1,250	
Title II-D Technology	84.318	TJS1 - 2003	10,522		10,521	
Assistive Technology	84.352	ATS1 - 2002	(65)		0	
		ATS3 - 2002	<u>7,170</u>		<u>7,170</u>	
Total Assistive Technology			7,105		7,170	
Title II-A Teacher Quality	84.367	TRS1 - 2003	150,027		137,898	
Total U. S. Department of Education			<u>1,096,245</u>		<u>1,110,350</u>	
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Passed through Ohio Department of Mental Retardation and Developmental Disabilities						
Medical Assistance Program (CAFS)	93.778	FY03	71,854		47,563	
U. S. DEPARTMENT OF AGRICULTURE						
Passed through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution Program	10.550	FY03		\$ 241,973		\$ 241,973
School Breakfast Program	10.553	05PU - 2002	3,364		3,364	
		05PU - 2003	<u>11,537</u>		<u>11,537</u>	
Total School Breakfast Program			14,901		14,901	
National School Lunch Program	10.555	LLP4 - 2002	80,361		80,361	
		LLP4 - 2003	<u>293,211</u>		<u>293,211</u>	
Total National School Lunch Program			373,572		373,572	
Special Milk Program	10.556	02PU - 2002	144		144	
Total US Department of Agriculture - Nutrition Cluster			<u>388,617</u>	<u>241,973</u>	<u>388,617</u>	<u>241,973</u>
Total Federal Financial Assistance			<u>\$ 1,556,716</u>	<u>\$ 241,973</u>	<u>\$ 1,546,530</u>	<u>\$ 241,973</u>

See accompanying notes to the schedule of expenditures of federal awards

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE 2: NUTRITION CLUSTER

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed. At June 30, 2003, the School District had no significant food commodities inventory. Reimbursement moneys are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS
--

A-133 Ref.
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any reportable conditions reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Nutrition Cluster	CFDA # 10.55*
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

NONE	
-------------	--

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

NONE	
-------------	--



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

PERRY LOCAL SCHOOL DISTRICT

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 4, 2004**