

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

Financial Statements

Year Ended June 30, 2003

With

Independent Auditors' Report





**Auditor of State  
Betty Montgomery**

Board of Education  
Perrysburg Exempted Village School District

We have reviewed the Independent Auditor's Report of the Perrysburg Exempted Village School District, Wood County, prepared by Clark, Schaefer, Hackett & Co. 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 Perrysburg Exempted Village School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

January 28, 2004

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# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

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

**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Perrysburg Exempted Village School District:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Perrysburg Exempted Village School District, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2003 on our consideration of Perrysburg Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

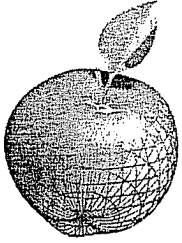
The Management's Discussion and Analysis and the budgetary information on pages 3 through 11 and pages 47 through 48, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 4, 2003





## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the Perrysburg Exempted Village School District for the year ended June 30, 2003. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

### Board of Education Administrative Offices

140 East Indiana Avenue  
Perrysburg, Ohio 43551

419-874-9131  
fax 872-8820

Treasurer  
fax 872-8832

### Psychology Office

140 East Indiana Avenue  
Perrysburg, Ohio 43551

fax 872-0574

### Transportation Office

25715 Fort Meigs Road  
Perrysburg, Ohio 43551

419/874-3127  
fax 872-6473

## Financial Highlights

Major financial highlights for fiscal year 2003 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$8.1 million.
- ✓ In total, net assets decreased by \$1.2 million.
- ✓ The School District had \$36.4 million in expenses related to governmental activities; only \$1.5 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$33.7 million, made up primarily of property taxes, income taxes and State Foundation payments, were used to provide for these programs.
- ✓ The General Fund balance decreased by \$.7 million from \$.3 million at June 30, 2002 to (\$.4) million at June 30, 2003.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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**Management's Discussion and Analysis**  
**Year Ended June 30, 2003**  
**Unaudited**

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

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

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

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

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

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

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

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**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**A. Net assets at year-end**

The following table presents a condensed summary of the School District's overall financial position at June 30, 2003:

	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current and other assets	\$ 29,707,102	194,145	29,901,247
Capital assets	<u>49,655,328</u>	<u>632,732</u>	<u>50,288,060</u>
Total assets	<u>79,362,430</u>	<u>826,877</u>	<u>80,189,307</u>
Long-term debt outstanding	45,359,264	36,838	45,396,102
Other liabilities	<u>26,565,113</u>	<u>125,192</u>	<u>26,690,305</u>
Total liabilities	<u>71,924,377</u>	<u>162,030</u>	<u>72,086,407</u>
Net assets:			
Invested in capital assets, net of debt	7,870,328	632,732	8,503,060
Restricted:			
For capital purposes	1,087,035	-	1,087,035
Other purposes	1,884,771	-	1,884,771
Unrestricted	<u>(3,404,081)</u>	<u>32,115</u>	<u>(3,371,966)</u>
Total net assets	\$ <u>7,438,053</u>	<u>664,847</u>	<u>8,102,900</u>

Because this is the first year to report all activities using the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current- and prior-year assets, liabilities, and changes in net assets. Refer to the following section for discussion of the reasons for the change in net assets during the year.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**  
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**B. Governmental and Business-type Activities during fiscal year 2003**

The following table presents a condensed summary of the School District's activities during fiscal year 2003 and the resulting change in net assets:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services and sales	\$ 425,014	1,355,984	1,780,998
Operating grants and contributions	1,026,781	201,293	1,228,074
Capital grants and contributions	<u>61,437</u>	<u>-</u>	<u>61,437</u>
Total program revenues	<u>1,513,232</u>	<u>1,557,277</u>	<u>3,070,509</u>
General revenues:			
Property taxes	19,471,742	-	19,471,742
Income taxes	3,650,731	-	3,650,731
Grants and entitlements	9,689,189	-	9,689,189
Investment earnings	96,949	-	96,949
Miscellaneous	<u>798,351</u>	<u>-</u>	<u>798,351</u>
Total general revenues	<u>33,706,962</u>	<u>-</u>	<u>33,706,962</u>
<b>Total revenues</b>	<u>35,220,194</u>	<u>1,557,277</u>	<u>36,777,471</u>
<b>Expenses:</b>			
Instruction	20,896,243	-	20,896,243
Support services:			
Pupil	1,758,960	-	1,758,960
Instructional staff	581,937	-	581,937
Board of Education	30,345	-	30,345
Administration	2,074,095	-	2,074,095
Fiscal	1,078,289	-	1,078,289
Business	272,977	-	272,977
Operation and maintenance of plant	4,344,829	-	4,344,829
Pupil transportation	1,431,479	-	1,431,479
Central	239,525	-	239,525
Non-instructional services	1,600,948	-	1,600,948
Interest and fiscal charges	2,155,589	-	2,155,589
Food services	-	1,299,838	1,299,838
Other enterprise	<u>-</u>	<u>198,872</u>	<u>198,872</u>
<b>Total expenses</b>	<u>36,465,216</u>	<u>1,498,710</u>	<u>37,963,926</u>
<b>Change in net assets</b>	\$ <u>(1,245,022)</u>	<u>58,567</u>	<u>(1,186,455)</u>

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Of the total governmental activities revenues of \$35,220,194, \$1,513,232 (4%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 69% (\$23,122,473) comes from income taxes and property tax levies and 29% (\$9,689,189) is from state and federal funding. The School District's operations are reliant upon its income tax and property tax levy as well as the state's foundation program.

As previously mentioned, because this is the first year to report all activities using the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current- and prior-year assets, liabilities, and changes in net assets.

***Governmental Activities***

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 4% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$20,896,243 but program revenue contributed to fund 3% of those costs. Thus, general revenues of \$20,224,365 were used to support of remainder of the instruction costs.

The School District's governmental activities net assets decreased by (\$1,245,022) due primarily to decreasing revenues such as income tax, personal property, interest and the state foundation.

**Governmental Activities**

		<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost of Services</u>
Instruction	\$	20,896,243	671,878	3%	20,224,365
Support services		11,812,436	165,135	1%	11,647,301
Non-instructional services		1,600,948	676,219	42%	924,729
Interest and fiscal charges		<u>2,155,589</u>	<u>-</u>	0%	<u>2,155,589</u>
<b>Total</b>	<b>\$</b>	<b><u>36,465,216</u></b>	<b><u>1,513,232</u></b>	<b><u>4%</u></b>	<b><u>34,951,984</u></b>

***Business-type Activities***

Net assets of the business-type activities increased by \$58,567 primarily due to normal operations.

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**Management's Discussion and Analysis**  
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The following table presents the total cost of each of the School District's business segments and the net cost after deducting the revenues generated by each segment. Charges and operating grants paid for 105% of the costs of Food Services.

<b>Business-type Activities</b>					
		<b>Total Cost of Services</b>	<b>Program Revenue</b>	<b>Revenues as a % of Total Costs</b>	<b>Net Cost (Revenue) of Services</b>
Food services	\$	1,299,838	1,362,784	105%	(62,946)
Other enterprise		<u>198,872</u>	<u>194,493</u>	<u>98%</u>	<u>4,379</u>
<b>Total</b>	<b>\$</b>	<b><u>1,498,710</u></b>	<b><u>1,557,277</u></b>	<b><u>104%</u></b>	<b><u>(58,567)</u></b>

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS**

**Governmental funds**

The School District has two major governmental funds: the General Fund and Debt Service Fund. Assets of these funds comprise \$27,225,359 (92%) of the total \$29,723,899 governmental funds assets.

**General Fund.** The fund balance deficit at June 30, 2003 was (\$414,382). The primary reason for the decrease in fund balance of \$697,000 was a decline in revenue from income tax, personal property, interest and state foundation. The School District is currently operating under a two-year emergency levy to collect \$3,717,000 for the year 2003 and the same amount for the year 2004. The levy runs out on December 31, 2004. The School District will place a new levy before the voters sometime in 2004. With other revenue sources declining, the School District expects to seek tax increases greater than the current emergency levy.

**Debt Service Fund.** The debt service fund is used to retire general obligation bond principal and interest. The fund balance at June 30, 2003 was \$1,875,749. Due to the outstanding general obligation debt which will be paid in the future, the School District will have a large carryover of fund balance to be used to make future principal and interests.

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The schedule comparing the School District's original and final budgets and actual results are included in the required supplementary information. Significant differences between the original and final are as follows:

For taxes, the \$1,198,400 increase from the original to the final was due to the passage of a tax levy in November of 2002. The original did not include this levy due to the uncertainty regarding its passage. The difference between the original and final for intergovernmental revenues consists of a number of items. First, state foundation revenue was decreased by approximately \$520,000 due to an increase in the School District's tax valuation. Second, deregulation revenue was overestimated by \$350,000. These shortfalls were partially covered by an increase in the state rollback and homestead reimbursement, which increased due to the tax levy increase.

On the expenditure side, after the fiscal year began, it was determined that regular instruction salaries had been under estimated and special education, pupil, and administrative salaries had been over estimated. The net effect of correcting these line items was an additional \$46,000 of appropriations was needed.

The original budget expenditures for operation and maintenance of plant were over \$600,000 greater than the final budget due to significant savings resulting from no longer using a building as an educational facility. Utilities and operating costs of the building including salaries were lower than originally anticipated.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** At June 30, 2003, the School District had \$50,288,060 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The total decrease in the School District's investment in capital assets for the current fiscal year was approximately 4%. See Note 6 to the financial statements for more detail.

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

	<b>Governmental</b>	<b>Business-type</b>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 1,043,788	-	1,043,788
Land improvements	1,587,596	-	1,587,596
Buildings and improvements	42,798,365	-	42,798,365
Furniture and equipment	3,424,828	632,732	4,057,560
Vehicles	<u>800,751</u>	<u>-</u>	<u>800,751</u>
Total	<u>\$ 49,655,328</u>	<u>632,732</u>	<u>50,288,060</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**  
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The School District only purchased capital assets of approximately \$400,000 during the current year which consisted primarily of equipment and one school bus.

**Debt**

The School District issued general obligation equipment bonds in the amount of \$115,000 during the fiscal year for the purpose of acquiring band uniforms. The total general obligation bonds outstanding at year-end were \$41,785,000. These bonds were issued for the construction of the High School and significant renovations of other schools. See Note 12 to the financial statements.

**ECONOMIC FACTORS**

A challenge facing the School District is the future of state funds. 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 system 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 on its financial operations.

With falling revenues because of the general economy of the country and in particular the State of Ohio, the School District will be forced to replace the emergency levy, which will expire on December 31, 2004, with a levy that will generate about \$5,000,000 each year. This is an increase of 35% over the current emergency levy.

Some of the factors that are causing loss of revenue are:

- The income tax collection is dropping at a rate of 6% a year.
- The new State budget accelerates the reduction factor to eliminate the taxes businesses pay on inventory. This could be as much as a 20% loss each year.
- Interest rates are very low.
- State budget cuts and property valuations continue to reduce revenue received from the State.



**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2003**  
**Unaudited**

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**REQUESTS FOR ADDITIONAL INFORMATION**

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

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# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2003

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 3,730,222	194,954	3,925,176
Receivables:			
Taxes	25,760,960	-	25,760,960
Accounts	23,077	-	23,077
Intergovernmental	27,668	-	27,668
Supplies inventory	-	11,113	11,113
Prepays	14,699	1,343	16,042
Internal balances	13,265	(13,265)	-
Restricted cash and investments	137,211	-	137,211
Nondepreciable capital assets	1,043,788	-	1,043,788
Depreciable capital assets, net	<u>48,611,540</u>	<u>632,732</u>	<u>49,244,272</u>
<b>Total assets</b>	<u>79,362,430</u>	<u>826,877</u>	<u>80,189,307</u>
<b>Liabilities:</b>			
Accounts payable	569,908	1,958	571,866
Accrued wages and benefits	3,354,372	66,753	3,421,125
Pension obligation payable	484,679	56,481	541,160
Deferred revenue	21,985,292	-	21,985,292
Accrued interest payable	170,862	-	170,862
Noncurrent liabilities:			
Due within one year	2,205,820	36,838	2,242,658
Due within more than one year	<u>43,153,444</u>	<u>-</u>	<u>43,153,444</u>
<b>Total liabilities</b>	<u>71,924,377</u>	<u>162,030</u>	<u>72,086,407</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	7,870,328	632,732	8,503,060
Restricted for:			
Capital projects	1,087,035	-	1,087,035
Other purposes	1,884,771	-	1,884,771
Unrestricted	<u>(3,404,081)</u>	<u>32,115</u>	<u>(3,371,966)</u>
<b>Total net assets</b>	<u>\$ 7,438,053</u>	<u>664,847</u>	<u>8,102,900</u>

See accompanying notes to the basic financial statements.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

Statement of Activities  
Year Ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$ 18,144,362	21,720	155,227	61,437
Special education	2,337,294	883	432,611	-
Other instruction	414,587	-	-	-
Support services:				
Pupil	1,758,960	-	85,871	-
Instructional staff	581,937	-	20,463	-
Board of education	30,345	-	-	-
Administration	2,074,095	-	8,837	-
Fiscal	1,078,289	-	7,799	-
Business	272,977	-	-	-
Operation and maintenance of plant	4,344,829	-	9,542	-
Pupil transportation	1,431,479	-	11,623	-
Central	239,525	-	21,000	-
Non-instructional services:				
Extracurricular activities	1,131,713	402,411	-	-
Community service	469,235	-	273,808	-
Interest and fiscal charges	2,155,589	-	-	-
<b>Total Governmental Activities</b>	<u>36,465,216</u>	<u>425,014</u>	<u>1,026,781</u>	<u>61,437</u>
<b>Business-Type Activities:</b>				
Food service	1,299,838	1,161,491	201,293	-
Other enterprise	198,872	194,493	-	-
<b>Total Business-Type Activities</b>	<u>1,498,710</u>	<u>1,355,984</u>	<u>201,293</u>	<u>-</u>
	\$ <u>37,963,926</u>	<u>1,780,998</u>	<u>1,228,074</u>	<u>61,437</u>

**General Revenues:**

- Property taxes, levied for general purposes
- Property taxes, levied for debt services
- Income taxes
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous
- Total general revenues
  
- Change in net assets
- Net assets beginning of year
- Net assets end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and  
Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
\$	(17,905,978)	-	(17,905,978)
	(1,903,800)	-	(1,903,800)
	(414,587)	-	(414,587)
	(1,673,089)	-	(1,673,089)
	(561,474)	-	(561,474)
	(30,345)	-	(30,345)
	(2,065,258)	-	(2,065,258)
	(1,070,490)	-	(1,070,490)
	(272,977)	-	(272,977)
	(4,335,287)	-	(4,335,287)
	(1,419,856)	-	(1,419,856)
	(218,525)	-	(218,525)
	-	-	-
	(729,302)	-	(729,302)
	(195,427)	-	(195,427)
	(2,155,589)	-	(2,155,589)
	(34,951,984)	-	(34,951,984)
	-	62,946	62,946
	-	(4,379)	(4,379)
	-	58,567	58,567
	(34,951,984)	58,567	(34,893,417)
	16,200,606	-	16,200,606
	3,271,136	-	3,271,136
	3,650,731	-	3,650,731
	9,689,189	-	9,689,189
	96,949	-	96,949
	798,351	-	798,351
	33,706,962	-	33,706,962
	(1,245,022)	58,567	(1,186,455)
	8,683,075	606,280	9,289,355
\$	7,438,053	664,847	8,102,900

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

Balance Sheet  
 Governmental Funds  
 June 30, 2003

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 703,664	1,519,749	1,506,809	3,730,222
Restricted cash	137,211	-	-	137,211
Receivables:				
Taxes	21,036,812	3,760,358	963,790	25,760,960
Accounts	23,077	-	-	23,077
Intergovernmental	-	-	27,668	27,668
Prepays	14,426	-	273	14,699
Interfund receivable	30,062	-	-	30,062
<b>Total assets</b>	<u>21,945,252</u>	<u>5,280,107</u>	<u>2,498,540</u>	<u>29,723,899</u>
<b>Liabilities:</b>				
Accounts payable	433,010	-	136,898	569,908
Accrued wages and benefits	3,338,873	-	15,499	3,354,372
Intergovernmental payable	482,607	-	2,072	484,679
Interfund payable	-	-	16,797	16,797
Deferred revenue	18,105,144	3,404,358	879,955	22,389,457
<b>Total liabilities</b>	<u>22,359,634</u>	<u>3,404,358</u>	<u>1,051,221</u>	<u>26,815,213</u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	1,047,542	-	599,147	1,646,689
Budget stabilization	137,211	-	-	137,211
Property taxes	1,650,000	356,000	88,000	2,094,000
Prepays	14,426	-	273	14,699
Debt service	-	1,519,749	-	1,519,749
Unreserved, reported in:				
General Fund	(3,263,561)	-	-	(3,263,561)
Special Revenue Funds	-	-	247,347	247,347
Capital Projects Funds	-	-	512,552	512,552
<b>Total fund balances</b>	<u>(414,382)</u>	<u>1,875,749</u>	<u>1,447,319</u>	<u>2,908,686</u>
<b>Total liabilities and fund balances</b>	<u>\$ 21,945,252</u>	<u>5,280,107</u>	<u>2,498,540</u>	<u>29,723,899</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2003

<b>Total Governmental Fund Balances</b>	\$	2,908,686
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		49,655,328
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Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.		404,165
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds	41,785,000		
Compensated absences	3,368,390		
Pension obligation payable	205,874		
Accrued interest payable	<u>170,862</u>		
Total			<u>(45,530,126)</u>

Net Assets of Governmental Activities	\$	<u>7,438,053</u>
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## PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

### Statement of Revenues, Expenditures, and Changes in Fund Balances

#### Governmental Funds

Year Ended June 30, 2003

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 19,103,610	3,271,136	822,727	23,197,473
Tuition and fees	21,720	-	883	22,603
Interest	96,949	-	-	96,949
Intergovernmental	9,256,646	400,229	1,116,367	10,773,242
Other local revenues	397,424	-	803,338	1,200,762
<b>Total revenues</b>	<u>28,876,349</u>	<u>3,671,365</u>	<u>2,743,315</u>	<u>35,291,029</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	16,667,920	-	344,249	17,012,169
Special education	1,718,485	-	455,428	2,173,913
Other instruction	385,607	-	-	385,607
Support services:				
Pupil	1,531,283	-	104,723	1,636,006
Instructional staff	487,741	-	53,518	541,259
Board of Education	30,345	-	-	30,345
Administration	1,917,740	-	8,924	1,926,664
Fiscal	949,580	33,670	16,422	999,672
Business	248,027	-	-	248,027
Operation and maintenance of plant	3,470,200	-	558,345	4,028,545
Pupil transportation	1,352,375	-	29,255	1,381,630
Central	185,121	-	37,661	222,782
Non-instructional services:				
Extracurricular activities	588,679	-	570,516	1,159,195
Community service	155,154	-	281,281	436,435
Capital outlay	-	-	95,026	95,026
Debt Service:				
Principal	-	1,640,000	-	1,640,000
Interest and fiscal charges	-	2,160,618	-	2,160,618
<b>Total expenditures</b>	<u>29,688,257</u>	<u>3,834,288</u>	<u>2,555,348</u>	<u>36,077,893</u>
Excess of revenues over (under) expenditures	<u>(811,908)</u>	<u>(162,923)</u>	<u>187,967</u>	<u>(786,864)</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of bonds	115,000	-	-	115,000
<b>Total other financing sources (uses):</b>	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(696,908)	(162,923)	187,967	(671,864)
Fund balance, beginning of year	282,526	2,038,672	1,259,352	3,580,550
Fund balance, end of year	<u>\$ (414,382)</u>	<u>1,875,749</u>	<u>1,447,319</u>	<u>2,908,686</u>

See accompanying notes to the basic financial statements.



Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
June 30, 2003

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>(671,864)</b>
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Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay		403,368
Depreciation expense		(2,396,213)

Repayment of bond principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.		1,640,000
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		5,029
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Some expenses reported in the statement of activities, such as compensated absences

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(39,507)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(70,835)
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Proceeds from the sale of bonds are reported as other financing sources in the governmental funds, but proceeds are increases in liabilities on the statement of net assets.		<u>(115,000)</u>
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Change in Net Assets of Governmental Activities	<b>\$</b>	<b><u>(1,245,022)</u></b>
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# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets

Proprietary Funds

June 30, 2003

	Nonmajor Enterprise Funds
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and investments	\$ 194,954
Prepays	1,343
Supplies inventory	<u>11,113</u>
Total current assets	<u>207,410</u>
Noncurrent assets:	
Capital assets, net	<u>632,732</u>
<b>Total assets</b>	<u><u>840,142</u></u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	1,958
Accrued wages	66,753
Intergovernmental payable	56,481
Interfund payable	<u>13,265</u>
Total current liabilities	<u>138,457</u>
Noncurrent liabilities:	
Compensated absences	<u>36,838</u>
<b>Total liabilities</b>	<u><u>175,295</u></u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	632,732
Unrestricted	<u>32,115</u>
<b>Total net assets</b>	<u><u>\$ 664,847</u></u>

See accompanying notes to the basic financial statements.

# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

Year Ended June 30, 2003

	Nonmajor Enterprise Funds
<b>Operating revenues:</b>	
Charges for services	\$ <u>1,355,984</u>
<b>Operating expenses:</b>	
Salaries and wages	469,233
Fringe benefits	138,709
Contractual services	72,647
Materials and supplies	742,012
Depreciation	67,322
Other expenses	<u>8,787</u>
<b>Total operating expenses</b>	<u>1,498,710</u>
Operating loss	(142,726)
<b>Nonoperating revenues:</b>	
Operating grants	201,290
Interest income	<u>3</u>
<b>Total nonoperating revenues</b>	<u>201,293</u>
Net income	58,567
Net assets, beginning of year	<u>606,280</u>
Net assets, end of year	\$ <u><u>664,847</u></u>

See accompanying notes to the basic financial statements.

# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

## Statement of Cash Flows

### Proprietary Funds

Year Ended June 30, 2003

	Nonmajor Enterprise Funds
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,355,984
Cash payments for personal services	(611,245)
Cash payments for contract services	(73,967)
Cash payments for supplies and materials	(668,205)
Cash payments for other expenses	<u>(8,787)</u>
Net cash used by operating activities	<u>(6,220)</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash received from operating grants	<u>120,057</u>
Net cash provided by noncapital financing activities	<u>120,057</u>
<b>Cash flows from investing activities:</b>	
Investment income	<u>3</u>
Net increase in cash and cash equivalents	113,840
Cash and cash equivalents at beginning of year	<u>81,114</u>
Cash and cash equivalents at end of year	\$ <u>194,954</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	(142,726)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	67,322
Donated commodities used	81,233
Changes in assets and liabilities:	
Accounts payable	(1,807)
Supplies inventory	3,743
Prepays	(1,320)
Accrued wages and benefits	(5,417)
Intergovernmental payable	1,112
Deferred revenue	(9,362)
Compensated absences payable	<u>1,002</u>
Net cash used by operating activities	\$ <u>(6,220)</u>

See accompanying notes to the basic financial statements.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

Statement of Net Assets

Fiduciary Funds

June 30, 2003

		Private Purpose Trusts	Agency Funds	Total
<b>ASSETS</b>				
Equity in pooled cash and investments	\$	<u>391,921</u>	<u>78,336</u>	<u>470,257</u>
Total assets		<u>391,921</u>	<u>78,336</u>	<u>470,257</u>
<b>LIABILITIES</b>				
Accounts payable		100	-	100
Due to student groups		<u>-</u>	<u>78,336</u>	<u>78,336</u>
Total liabilities		<u>100</u>	<u>78,336</u>	<u>78,436</u>
<b>NET ASSETS</b>				
Held in trust	\$	<u>391,821</u>	<u>-</u>	<u>391,821</u>

See accompanying notes to the basic financial statements.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

Statement of Changes in Net Assets

Fiduciary Funds

Year Ended June 30, 2003

	<u>Private- Purpose Trust Funds</u>
<b>Additions:</b>	
Contributions	\$ 15,836
Interest	<u>5,609</u>
Total additions	<u>21,445</u>
<b>Deductions:</b>	
Community gifts, awards and scholarships	<u>27,218</u>
Total deductions	<u>27,218</u>
Change in net assets	(5,773)
Net assets, beginning of year	<u>397,594</u>
Net assets, end of year	\$ <u><u>391,821</u></u>

See accompanying notes to the basic financial statements.

# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

## Notes to the Basic Financial Statements

Year Ended June 30, 2003

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. This includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The following activity is included within the reporting entity:

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

# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

## Notes to the Basic Financial Statements

Year Ended June 30, 2003

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The School District is associated with four organizations, two of which are jointly governed organizations and two are insurance purchasing pools. These organizations are the Northern Ohio Educational Computer Association, the Penta County Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Wood County Schools Benefit Plan. The organizations are presented in Notes 13 and 14 to the general purpose financial statements.

### **B. Fund Accounting**

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

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

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

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

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

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



# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

## Notes to the Basic Financial Statements

Year Ended June 30, 2003

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### C. Basis of Presentation

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

***Fund Financial Statements*** Fund financial statements report detailed information about the School District. The focus of governmental and proprietary financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2003**

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

**D. Basis of Accounting**

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

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

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

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

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

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

# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

## Notes to the Basic Financial Statements

Year Ended June 30, 2003

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**Deferred Revenue** Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes measurable as of June 30, 2003, which are intended to finance fiscal year 2004 operations, have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

### E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget.** Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The 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 Wood County Budget Commission for rate determination.

**Estimated Resources.** Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

## Notes to the Basic Financial Statements

Year Ended June 30, 2003

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**Appropriations** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the object level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriate resolutions, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the level of control. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear 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. The Board passed supplemental appropriations during the fiscal year.

**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 the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**Lapsing of Appropriations** At the close of each fiscal 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 are not reappropriated.

### F. Cash and Cash Equivalents

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

During fiscal year 2003, the School District's investments were limited to certificates of deposit and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

## Notes to the Basic Financial Statements

Year Ended June 30, 2003

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The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value be reported in the operating statement. The School District recorded investments held at June 30, 2003 at fair value.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund, during fiscal year 2003 amounted to \$96,949 including amounts assigned from other funds.

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

### **G. Inventory**

Inventories of governmental funds are stated at cost while inventories of the enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. 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. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of the enterprise funds consist of donated food, purchased food, and non-food supplies held for resale and are expensed when used.

### **H. Capital Assets**

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

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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2003**

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

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

**I. Interfund Balances**

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

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

**J. Compensated Absences**

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

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2003**

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**L. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statutes. The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures.

**M. Restricted Assets**

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

**N. Net Assets**

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

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

**O. Estimates**

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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2003**

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**2. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2003, the School District implemented the following:

- GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments.*
- GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus.*
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures.*
- GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units.*
- GASB Interpretation No. 6, *Recognition and Measurements of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

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 government-wide financial statements split the School District's programs between business-type and governmental activities.

The beginning net asset amount for governmental programs reflects the change in fund balance at June 30, 2002 caused by the conversion to the accrual basis of accounting and the reclassification of the internal service fund as part of the general fund.

Fund balance - all governmental funds - June 30, 2002	\$ 3,543,758
GASB 34 adjustments:	
Capital assets	51,648,173
Long-term liabilities	(47,020,648)
Revenue recognition	475,000
Reclassification of internal service fund	36,792
	<hr/>
Governmental activities net assets - June 30, 2002	\$ 8,683,075
	<hr/> <hr/>

For governmental fund financial statements, the following table shows the effect of fund reclassifications on beginning governmental fund balances:

Fund balance - all governmental funds - June 30, 2002	\$ 3,543,758
Reclassification of internal service fund	36,792
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Restated fund balance - all governmental funds - June 30, 2002	\$ 3,580,550
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**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2003**

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**3. DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

# **PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

## **Notes to the Basic Financial Statements**

**Year Ended June 30, 2003**

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5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments described in this division are made through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed 25% of the interim monies available for investment at any one time.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the School District's deposits was \$1,733,945 and the bank balance was \$1,882,690. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,682,690 was uninsured and uncollateralized.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at 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 counter party'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 counter party, or by its trust department or agent but not in the School District's name. The School District's investment in STAROhio is unclassified because it is not evidenced by securities that exist in physical or book entry form. The School District's investment in STAROhio had a fair value of \$2,798,699 at June 30, 2003.

#### **4. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes.

# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

## Notes to the Basic Financial Statements

Year Ended June 30, 2003

Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Wood County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003 are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

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

	<u>2002 Second- Half Collections</u>		<u>2003 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Residential/Agricultural	\$ 463,568,600	73.58%	492,770,920	74.19%
Commercial/Industrial	105,198,190	16.70%	112,492,100	16.94%
Public Utility Personal Property	11,507,100	1.83%	11,302,770	1.70%
General Personal Property	<u>49,728,176</u>	7.89%	<u>47,595,345</u>	7.17%
Total Assessed Value	\$ <u>630,002,066</u>	100.00%	<u>664,161,135</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$60.60		\$63.50

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2003**

**5. INCOME TAXES**

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

**6. CAPITAL ASSETS**

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

	Balance 7/1/02	Additions	Disposals	Balance 6/30/03
<b>Governmental Activities</b>				
<i>Non-Depreciable</i>				
Land	\$ 1,043,788	-	-	1,043,788
<i>Depreciable</i>				
Land improvements	3,024,037	-	-	3,024,037
Buildings and improvements	57,756,899	-	-	57,756,899
Furniture and equipment	7,861,524	346,218	(715)	8,207,027
Vehicles	2,184,688	57,150	(23,515)	2,218,323
Subtotal	<u>70,827,148</u>	<u>403,368</u>	<u>(24,230)</u>	<u>71,206,286</u>
Totals at historical cost	<u>71,870,936</u>	<u>403,368</u>	<u>(24,230)</u>	<u>72,250,074</u>
Less accumulated depreciation:				
Land improvements	1,296,147	140,294	-	1,436,441
Buildings and improvements	13,612,557	1,345,977	-	14,958,534
Furniture and equipment	4,004,341	778,573	(715)	4,782,199
Vehicles	1,309,718	131,369	(23,515)	1,417,572
Total accumulated depreciation	<u>20,222,763</u>	<u>2,396,213</u>	<u>(24,230)</u>	<u>22,594,746</u>
Capital assets, net	<u>\$ 51,648,173</u>	<u>(1,992,845)</u>	<u>-</u>	<u>49,655,328</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2003**

Depreciation expense was charged to governmental functions as follows:

Instruction:			
Regular	\$	1,268,321	
Special education		163,381	
Other instruction		28,980	
Support services:			
Pupil		122,954	
Instructional staff		40,678	
Administration		144,983	
Fiscal		75,374	
Business		19,082	
Operation and maintenance of plant		303,711	
Pupil transportation		100,098	
Central		16,743	
Extracurricular activities		79,108	
Community service		32,800	
Total depreciation expense	\$	<u>2,396,213</u>	

	Balance			Balance
	7/1/02	Additions	Disposals	6/30/03
<b><i>Business-type Activities:</i></b>				
Furniture and equipment	\$ 1,150,548	-	-	1,150,548
Less accumulated depreciation	450,494	67,322	-	517,816
Capital assets, net	\$ <u>700,054</u>	<u>(67,322)</u>	<u>-</u>	<u>632,732</u>

Depreciation expense of \$67,322 was charged to the food services segment.

**7. INTERFUND TRANSACTIONS**

On the fund financial statements, the General Fund has a receivable of \$30,062 that consists of \$16,707 and \$13,265 due from non-major governmental funds and non-major enterprise funds, respectively. These interfund loans were made to provide operating capital.

**8. RISK MANAGEMENT**

The School District maintains comprehensive insurance with private carriers for real property, building contents, vehicles and general liability insurance. Vehicle policies include liability coverage for bodily injury and property damage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

## **PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements**

**Year Ended June 30, 2003**

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The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 14). The GRP is intended to reduce the School District's premium by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

#### **9. DEFINED BENEFIT PENSION PLANS**

##### **School Employees Retirement System**

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

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were approximately \$574,000, \$613,000 and \$499,000 respectively; 42% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. The unpaid contribution for fiscal year 2003 is recorded as a liability.

##### **State Teachers Retirement System**

The School District contributes to 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 basis 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 issued a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

## **PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements**

**Year Ended June 30, 2003**

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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 School District is required to contribute 14%. 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 School District's required contributions for pension obligations to STRS for the years ended June 30, 2003, 2002, and 2001 were \$2,304,000, \$2,329,000 and \$2,212,000 respectively; 85% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. The unpaid contribution for fiscal year 2003 is recorded as a liability.

### **Social Security System**

All employees not covered by SERS or STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2003, members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.

# **PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

## **Notes to the Basic Financial Statements**

**Year Ended June 30, 2003**

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### **10. 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 Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by state statute and are funded on a pay-as-you-go basis.

STRS 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 the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the year ended June 30, 2003, the board allocated employer contributions equal to 4.50% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled approximately \$741,000 during fiscal year 2003. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.011 billion at June 30, 2002. For the year ended June 30, 2002, net health care costs paid by STRS were \$354.7 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. 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. For this fiscal year, 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 a 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. The surcharge rate 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 year ended June 30, 2002 were \$182.9 million and the target level was \$242.2 million. At June 30, 2002, SERS' net assets available for payment of health care benefits was \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits equaled approximately \$350,000 during the 2003 fiscal year.



**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2003**

**11. EMPLOYEE BENEFITS**

**Compensated Absences**

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

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

**12. LONG-TERM LIABILITIES**

The changes in the School District's long-term liabilities during fiscal year 2003 were as follows:

	Principal Outstanding <u>7/1/02</u>	<u>Additions</u>	<u>Deletions</u>	Principal Outstanding <u>6/30/03</u>	Amounts Due in <u>One Year</u>
General obligation bonds	\$ 43,310,000	115,000	(1,640,000)	41,785,000	1,831,526
Pension obligation	182,450	205,874	(182,450)	205,874	205,874
Compensated absences	<u>3,352,307</u>	<u>16,083</u>	<u>-</u>	<u>3,368,390</u>	<u>168,420</u>
Total	\$ <u>46,844,757</u>	<u>336,957</u>	<u>(1,822,450)</u>	<u>45,359,264</u>	<u>2,205,820</u>

*General Obligation Bonds* – These consist of four separate bond issues. Bonds issued in August 1992 at an interest rate of 4.9% with \$6,480,000 outstanding mature in December 2015. In February 1999, the School District issued \$3,000,000 of bonds at an interest rate of 5.18%, of which, \$2,600,000 is outstanding at June 30, 2003 and will fully mature in December 2025. The School District issued \$36,300,000 of bonds in April 1999 at an interest rate of 4.98%, of which, at June 30, 2003, \$32,590,000 is outstanding and will fully mature in December 2025. Finally, the School District issued unvoted school equipment bonds in the amount of \$115,000 on February 5, 2003. These bonds pay interest at 3.39% and fully mature in January 2008.

The School District's voted legal debt margin was \$18,104,502 with an unvoted debt margin of \$549,161 at June 30, 2003.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2003**

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2003, are:

Fiscal Year Ending June 30,	Principal	Interest	Total
2004	\$ 1,831,526	2,073,363	3,904,889
2005	2,012,213	1,989,513	4,001,726
2006	2,222,966	1,890,046	4,113,012
2007	1,013,745	1,814,888	2,828,633
2008	1,139,550	1,763,043	2,902,593
2009-2013	7,740,000	7,793,904	15,533,904
2014-2018	9,460,000	5,231,231	14,691,231
2019-2023	8,950,000	3,076,750	12,026,750
2024-2026	<u>7,415,000</u>	<u>594,575</u>	<u>8,009,575</u>
Total	\$ <u>41,785,000</u>	<u>26,227,313</u>	<u>68,012,313</u>

**13. JOINTLY GOVERNED ORGANIZATIONS**

*Northern Ohio Education Computer Association*

The Northern Ohio Education Computer Association (NOECA) is a jointly governed organization among a seven-county consortium of school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of NOECA consists of one representative from each of the participating members. The School District paid approximately \$30,000 for services provided during the fiscal year. Complete financial statements for NOECA can be obtained at 2900 S. Columbus Avenue, Sandusky, Ohio 44870.

*Penta Joint Vocational School District*

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

## **PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements**

**Year Ended June 30, 2003**

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#### **14. INSURANCE PURCHASING POOLS**

##### *Ohio School Boards Association Workers' Compensation Group Rating Plan*

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

##### *The Wood County Schools Benefit Plan*

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

#### **15. CONTINGENCIES**

##### **Grants**

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

##### **Litigation**

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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2003**

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**16. REQUIRED SET-ASIDES**

The School District is required by State Statute to annually set aside in the general fund an amount based on the statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. Effective April 10, 2001, the School District could choose to eliminate the budget stabilization reserve except for the amounts related to Workers Compensation rebates. The Board approved a resolution to eliminate those amounts of the reserve for budget stabilization.

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

		<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside balance as of June 30, 2002	\$	(652,845)	-	137,211
Current year set-aside requirement		576,311	576,311	-
Less qualifying disbursements and offsets		<u>(380,353)</u>	<u>(887,429)</u>	<u>-</u>
Total		<u>(456,887)</u>	<u>(311,118)</u>	<u>137,211</u>
Balance carried to FY2004		<u>(456,887)</u>	<u>-</u>	<u>137,211</u>
Cash balance as of June 30, 2003	\$	<u>-</u>	<u>-</u>	<u>137,211</u>

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

**17. 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 system 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 on its financial operations.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2003**

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**18. COMPLIANCE**

With respect to the budget, the Ohio Revised Code requires the School District to appropriate money prior to expenditure including commitments to expend money (encumbrances). At year-end, the School District modified its appropriations for each fund to reflect the amount of actual cash expenditures but did not consider outstanding encumbrances. Thus, for nearly all of the School District's budgeted funds, actual expenditures plus encumbrances exceeded appropriations at June 30, 2003 contrary to Ohio law.

## PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund  
 Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 General Fund  
 Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Taxes	17,820,000	19,018,400	19,018,251	(149)
Tuition and fees	22,760	21,660	21,720	60
Interest	180,000	100,000	96,949	(3,051)
Intergovernmental	10,081,000	9,404,600	9,256,646	(147,954)
Other local revenues	597,240	537,440	551,793	14,353
<b>Total revenues</b>	<u>28,701,000</u>	<u>29,082,100</u>	<u>28,945,359</u>	<u>(136,741)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	16,155,400	16,670,200	16,991,166	(320,966)
Special education	1,742,800	1,549,700	1,714,602	(164,902)
Other instruction	406,200	385,000	400,189	(15,189)
Support services:				
Pupil	1,825,800	1,573,900	1,605,182	(31,282)
Instructional staff	476,000	505,900	522,464	(16,564)
Board of Education	25,500	20,100	19,749	351
Administration	2,168,000	1,907,000	1,963,879	(56,879)
Fiscal	818,700	794,000	805,396	(11,396)
Business	151,800	247,600	256,298	(8,698)
Operation and maintenance of plant	4,051,300	3,411,900	3,731,023	(319,123)
Pupil transportation	1,235,800	1,306,000	1,451,668	(145,668)
Central	117,000	150,100	154,755	(4,655)
Non-instructional services:				
Community services	109,800	148,200	150,244	(2,044)
Extracurricular activities	505,900	605,005	605,606	(601)
<b>Total expenditures</b>	<u>29,790,000</u>	<u>29,274,605</u>	<u>30,372,221</u>	<u>(1,097,616)</u>
Excess of revenues over expenditures	(1,089,000)	(192,505)	(1,426,862)	960,875
<b>Other financing sources (uses):</b>				
Transfers out	-	(5,000)	(5,000)	-
Advances in	-	14,000	13,525	(475)
Advances out	-	(8,400)	(8,388)	12
Other sources	-	-	(19)	(19)
<b>Total other financing sources (uses):</b>	<u>-</u>	<u>600</u>	<u>118</u>	<u>(482)</u>
Excess of revenues and other sources over expenditures and other (uses)	(1,089,000)	(191,905)	(1,426,744)	960,393
Fund balance, beginning of year	797,917	797,917	797,917	
Prior year encumbrances appropriated	298,056	298,056	298,056	
Fund balance, end of year	<u>6,973</u>	<u>904,068</u>	<u>(330,771)</u>	

See accompanying notes to required supplemental information.

# PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to Required Supplementary Information

Year Ended June 30, 2003

## Note A Budgetary Basis of Accounting

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

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

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

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

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

	<u>General</u>
Net change in fund balance - GAAP Basis	\$ (696,908)
Increase / (decrease):	
Due to revenues	69,010
Due to expenditures	463,726
Due to other sources (uses)	(114,882)
Due to encumbrances	<u>(1,147,690)</u>
Excess of revenues and other sources over (under) expenditures and other uses - Budget Basis	\$ <u>(1,426,744)</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2003

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u> (Passed through Ohio Department of Education)				
Nutrition Cluster:				
Food Distribution Program	03-PU	10.550	\$ 81,233	81,233
National School Lunch Program	04-PU	10.555	<u>117,393</u>	<u>117,393</u>
Total U.S. Department of Agriculture			<u>198,626</u>	<u>198,626</u>
 <u>U.S. Department of Education:</u> (Passed through Ohio Department of Education)				
Title I Grant	C1-S0	84.010	83,408	85,061
Title VI-B Grant	6B-SF	84.027	398,040	444,279
Safe and Drug Free Schools	DR-S1	84.186	14,177	14,898
Eisenhower Professional Development Grant	MS-S1	84.281	82	3,755
Innovative Education Program Strategy	C2-S1	84.298	32,599	37,906
School Net	TJ-S1	84.318	2,594	2,594
Class Size Reduction	CR-S1	84.340	77,496	90,626
Assistive Technology Infusion	AT-S3	84.352	<u>5,391</u>	<u>5,381</u>
Total U.S. Department of Education			<u>613,787</u>	<u>684,500</u>
Total Federal Awards			\$ <u>812,413</u>	<u>883,126</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The 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 B - FOOD DISTRIBUTION

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

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the School District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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

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

To the Board of Education  
Perrysburg Exempted Village School District:

We have audited the financial statements of Perrysburg Exempted Village School District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 4, 2003, wherein we noted that the School District implemented Governmental Accounting Standards Board Statements 34, 37, 38 and 39 as well as Governmental Accounting Standards Board Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Perrysburg Exempted Village School 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is presented in the accompanying schedule of findings and questioned costs as item 2003-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Perrysburg Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control 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 solely for the information and use 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.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
December 4, 2003

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

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

To the Board of Education  
Perrysburg Exempted Village School District:

Compliance

We have audited the compliance of Perrysburg Exempted Village School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. Perrysburg Exempted Village School District's major federal programs are 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 each of its major federal programs is the responsibility of Perrysburg Exempted Village School District's management. Our responsibility is to express an opinion on Perrysburg Exempted Village School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Perrysburg Exempted Village School 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 of Perrysburg Exempted Village School District's compliance with those requirements.

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

### Internal Control Over Compliance

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

This report is intended solely for the information and use 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.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 4, 2003

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2003

**Section I - Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards**

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

# **PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

## **Schedule of Findings and Questioned Costs**

Year Ended June 30, 2003  
(Continued)

### **Section II - Financial Statement Findings**

2003-1 Ohio Revised Code Section 5705.41(B) requires that no expenditure of monies be made unless it has been appropriated. For these purposes, expenditures include both actual cash disbursements and commitments commonly referred to as encumbrances. We tested compliance with this requirement at both December 31, 2002 and June 30, 2003. Expenditures plus encumbrances exceeded appropriations at June 30, 2003 in the General Fund, five special revenue funds and three capital projects. Near year-end, the School District reduced its appropriations in those funds to match actual cash disbursements but did not take into consideration the outstanding encumbrances.

### **Section III - Federal Award Findings and Questioned Costs**

None

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

Schedule of Prior Audit Findings

Year Ended June 30, 2003

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







**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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 10, 2004**