PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2009

With Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

Board of Education
Perrysburg Exempted Village School District
140 E. Indiana Ave.
Perrysburg, Ohio 43551

We have reviewed the *Independent Auditors' Report* of the Perrysburg Exempted Village School District, Wood County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 17, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Perrysburg Exempted Village School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District as of June 30, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2009, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 11 and 45 through 46, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. 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 and is not a required part of the basic financial statements of the Perrysburg Exempted Village School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 30, 2009

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, 2009. 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.

Financial Highlights

Major financial highlights for fiscal year 2009 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by $16,837,280.
- ✓ In total, net assets decreased by $565,902.
- ✓ The School District had $46,375,342 in expenses related to governmental activities; only $2,277,226 of these expenses were offset by program specific charges for services, grants or contributions. General revenue of $43,700,978, 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 $1,409,606 from $2,640,799 at June 30, 2008 to $1,231,193 at June 30, 2009.

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.

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 and school supplies.

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.

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 basic financial statements and accompanying notes, the report also contains required supplementary information for 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, 2009 and 2008:

		Governmental Activities		Business-Type Activities		Total	
		FY09	FY08	FY09	FY08	FY09	FY08
Current and other assets	$	33,368,001	33,261,195	326,087	445,246	33,694,088	33,706,441
Capital assets		47,991,370	48,868,136	308,440	336,589	48,299,810	49,204,725
Total assets		81,359,371	82,129,331	634,527	781,835	81,993,898	82,911,166
Long-term liabilities		37,315,080	38,540,405	71,150	66,724	37,386,230	38,607,129
Other liabilities		27,587,754	26,735,251	182,634	165,604	27,770,388	26,900,855
Total liabilities		64,902,834	65,275,656	253,784	232,328	65,156,618	65,507,984
Net assets:							
Invested in capital assets, net of debt		15,857,481	15,178,973	308,440	336,589	16,165,921	15,515,562
Restricted:							
Capital projects		812,318	909,876	-	-	812,318	909,876
Debt service and other		1,298,901	2,010,875	-	-	1,298,901	2,010,875
Unrestricted		(1,512,163)	(1,246,049)	72,303	212,918	(1,439,860)	(1,033,131)
Total net assets	$	16,456,537	16,853,675	380,743	549,507	16,837,280	17,403,182

Total assets only declined by approximately $917,000, or 1%. The majority of the decrease was due to the partial demolition of the Commodore building during the year, which had a net book value of $589,000. Total liabilities did not change significantly, with a decrease of approximately $351,000, or less than 1%.

B. Governmental and Business-type Activities during fiscal year 2009

The following table presents a condensed summary of the School District's activities during fiscal year 2009 and 2008 and the resulting change in net assets:

		Governmental Activities		Business-Type Activities		Total	
		FY09	FY08	FY09	FY08	FY09	FY08
Revenues:							
Program revenues:							
Charges for services and sales	$	756,988	602,045	1,576,885	1,539,208	2,333,873	2,141,253
Operating grants and contributions		1,478,547	1,527,973	296,785	209,598	1,775,332	1,737,571
Capital grants and contributions		41,691	54,758	-	-	41,691	54,758
Total program revenues		2,277,226	2,184,776	1,873,670	1,748,806	4,150,896	3,933,582
General revenues:							
Property taxes		23,947,466	22,543,892	-	-	23,947,466	22,543,892
Income taxes		4,848,295	5,916,089	-	-	4,848,295	5,916,089
Grants and entitlements		13,455,114	12,626,062	-	-	13,455,114	12,626,062
Investment earnings		144,448	349,820	-	-	144,448	349,820
Miscellaneous		1,305,655	910,213	-	-	1,305,655	910,213
Total general revenues		43,700,978	42,346,076	-	-	43,700,978	42,346,076
Total revenues		45,978,204	44,530,852	1,873,670	1,748,806	47,851,874	46,279,658
Expenses:							
Instruction		28,774,274	26,679,670	-	-	28,774,274	26,679,670
Support services:							
Pupil		2,695,319	2,220,387	-	-	2,695,319	2,220,387
Instructional staff		777,257	861,113	-	-	777,257	861,113
Board of Education		42,434	133,021	-	-	42,434	133,021
Administration		2,680,131	2,606,791	-	-	2,680,131	2,606,791
Fiscal		922,620	932,875	-	-	922,620	932,875
Business		181,487	206,980	-	-	181,487	206,980
Operation and maintenance of plant		4,499,705	4,586,261	-	-	4,499,705	4,586,261
Pupil transportation		1,730,304	2,194,021	-	-	1,730,304	2,194,021
Central		133,208	268,232	-	-	133,208	268,232
Non-instructional services		1,968,394	1,782,604	-	-	1,968,394	1,782,604
Interest and fiscal charges		1,970,209	1,433,668	-	-	1,970,209	1,433,668
Food services		-	-	1,833,301	1,576,891	1,833,301	1,576,891
Other enterprise		-	-	209,133	206,343	209,133	206,343
Total expenses		46,375,342	43,905,623	2,042,434	1,783,234	48,417,776	45,688,857
Change in net assets	$	(397,138)	625,229	(168,764)	(34,428)	(565,902)	590,801

Of the total governmental activities revenues of $45,978,204, $2,277,226 (5%) 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, 66% ($28,795,761) comes from income taxes and property tax levies and 31% ($13,455,114) is from state funding. The School District's operations are reliant upon its income tax and property tax levy as well as the state's foundation program.

Total revenue increased approximately $1.6 million, or 3%, due to increases in property taxes and grants and entitlements. The increase grants and entitlements was due to additional revenue from the State for tangible personal property reimbursements and homestead and rollback reimbursements.

Total expenses increased approximately $2.7 million, or 6%, attributable to increases in instruction and pupil support services. The increases in these functions were due to the hiring of additional staff, negotiated increases in salaries and related benefits, and the purchasing of additional services for gifted instruction, special education services, and transportation.

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 5% of the cost of the general government programs was recouped in program revenues. Instruction costs were $28,774,274 but program revenue contributed to fund 3% of those costs. Thus, general revenues of $27,900,821 were used to support of remainder of the instruction costs.

Governmental Activities

		Total Cost of Services	Program Revenue	Revenues as a % of Total Costs	Net Cost of Services
Instruction	$	28,774,274	873,453	3%	27,900,821
Support services		13,662,465	464,568	3%	13,197,897
Non-instructional services		1,968,394	939,205	48%	1,029,189
Interest and fiscal charges		1,970,209	-	0%	1,970,209
Total	$	46,375,342	2,277,226	5%	44,098,116

Business-type Activities

Net assets of the business-type activities decreased by $168,764 primarily due to normal operations. 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 90% of the costs of Food Services.

Business-type Activities

		Total Cost of Services	Program Revenue	Revenues as a % of Total Costs	Net Cost (Revenue) of Services
Food services	$	1,833,301	1,657,303	90%	175,998
Other enterprise		209,133	216,367	103%	(7,234)
Total	$	2,042,434	1,873,670	92%	168,764

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 $29,818,249 (90%) of the total $33,305,623 governmental funds assets.

General Fund. The fund balance at June 30, 2009 was $1,231,193. Overall, expenditures exceeded revenues by approximately $962,000, which is comparable to the prior fiscal year. However, the School District transferred approximately $448,000 in the current year to other governmental funds to fund capital renovations.

Debt Service Fund. The debt service fund is used to retire general obligation bond principal and interest. The fund balance at June 30, 2009 was $1,597,382. This fund is totally dependent on local tax collections. The amount of taxes assessed is determined by the outstanding general obligation debt of the School District. All required bond payments were made as scheduled during the current fiscal year.

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. There were no significant differences between the original and final budget in terms of the revenue estimates. Original budgeted revenues were not adjusted significantly throughout the year because there were not significant changes throughout the year to warrant adjustments. Final budget revenues exceeded actual by approximately $280,000, or only less than 1%. On the expenditure side, budgeted expenditures increased 4.3% from the original to the final budgets to due to union negotiations and changes in the School District's needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2009, the School District had $48,299,810 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. See Note 5 to the financial statements for more detail.

Capital Assets at Year-End
(Net of Depreciation)

		Governmental Activities	Business-type Activities	Total
Land	$	2,852,269	-	2,852,269
Land improvements		2,124,638	-	2,124,638
Buildings and improvements		40,574,627	-	40,574,627
Furniture and equipment		1,718,379	308,440	2,026,819
Vehicles		721,457	-	721,457
Total	$	47,991,370	308,440	48,299,810

Debt

The total general obligation bonds outstanding at year-end were $32,070,000. These bonds were issued primarily for the construction of the High School and significant renovations of other schools. See Note 10 to the financial statements.

ECONOMIC FACTORS

The School District continues to prosper from the growth effects of various revenue sources created from diverse and creative planning. The School District's revenue continues to grow but at a more moderate rate than in previous years. Real estate taxes and the district income tax levy experienced increases over last year's collections. Overall, revenue only grew by almost three and one half (3.4%) percent from fiscal year 2008.

The results of the emergency levy originally approved by residents in May of 2004 and renewed in November of 2008, the effects of the School District reaching the twenty mill floor and being able to experience the growth of tax dollars as valuations grow continues to provide some additional stability to the School District's financial picture. The dollars generated from the emergency levy represents approximately 13% of the School District's projected revenue. Renewal of this issue included an increase in the initial year of the request with an increase of approximately $593,000 per year for the remaining three years of the limited four year levy.

The School District and Administration have taken very aggressive measures to implement balanced budgets as the School District moves forward into fiscal year 2010. With economic conditions as they are, the rate of revenue growth continues to be a concern. The rate of growth of the School District's expenditure levels have been reviewed and scrutinized as well. The administration has managed to control the growth of expenditures levels to slightly over three (3.3%) percent between fiscal years 2008 and 2009, on the budgetary basis. A more structured budgeting process has been developed and implemented. Board committees continue to be utilized in terms of the approval and implementation of various district programs and the costs associated with those programs. Retirements and the replacement of a more experienced work force with a new, less expensive staff has also kept expenditure levels down and will continue to be a primary focus as we move into future years.

Instructional programs and curriculum adoptions have and will continue to be a primary focus of the School District's administrative team. The curriculum arena had a new leader for the 2008-09 school year and the implementation of a zero-based budget system had a significant impact on our budget for 2008-09. The School District continued its initiative with its Fast Forward reading initiative this past year but that program will be reviewed for its overall effectiveness in 2009-10. Costs for services for students with special needs continue to rise. This is such an uncontrollable cost. Court placed students with disabilities have a drastic impact on district finances. The School District reviews these services on an annual basis to review their effectiveness for services and costs.

The School District continues to grow in every aspect of economic development. Housing starts are up despite the lagging economy and evident as new subdivisions are platted and building continues throughout the district. With that comes real estate revenue from new construction along with incomes subject to the School District income tax on residents.

Levis Commons continues to grow and expand but not at the rate that it has in the past. Some scheduled development has been put on hold for the time being until the economy improves. The continuous construction of Brownstone apartments and condominiums along with the construction of the Hilton Garden Inn & Conference Center to meet the needs of OI executives promotes that area as one of the finest and fastest developing areas in Northwest Ohio.

Several tax abatements were negotiated over the last year with new companies and existing companies expanding operations throughout the School District. It is evident that the economy has had its affect on the ability for companies to expand at this time.

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

Growth continues on the east side of our community with the addition of a several retail areas and on the west side in terms of residential housing. While this will not have an impact on our property tax base due to the fact that most of those enhancements on the east side are in the Rossford School District, our community as a whole continues to grow and prosper making Perrysburg a very attractive place to live and raise children.

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.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	$ 5,020,155	304,056	5,324,211
Receivables:			
Taxes	27,725,912	-	27,725,912
Accounts	212,798	-	212,798
Intergovernmental	198,100	-	198,100
Supplies inventory	-	22,031	22,031
Prepaids	10,194	-	10,194
Restricted cash	137,211	-	137,211
Deferred charges	63,631	-	63,631
Nondepreciable capital assets	2,852,269	-	2,852,269
Depreciable capital assets, net	45,139,101	308,440	45,447,541
Total assets	81,359,371	634,527	81,993,898
Liabilities:			
Accounts payable	289,022	7,433	296,455
Accrued wages and benefits	4,428,463	109,197	4,537,660
Intergovernmental payable	852,730	66,004	918,734
Unearned revenue	21,908,150	-	21,908,150
Accrued interest payable	109,389	-	109,389
Noncurrent liabilities:			
Due within one year	2,355,004	-	2,355,004
Due within more than one year	34,960,076	71,150	35,031,226
Total liabilities	64,902,834	253,784	65,156,618
Net Assets:			
Invested in capital assets, net of related debt	15,857,481	308,440	16,165,921
Restricted for:			
Capital projects	812,318	-	812,318
Debt service	1,038,667	-	1,038,667
Other purposes	260,234	-	260,234
Unrestricted	(1,512,163)	72,303	(1,439,860)
Total net assets	$ 16,456,537	380,743	16,837,280

See accompanying notes to the basic financial statements.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2009

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities:							
Instruction:							
Regular	$ 23,677,966	185,032	37,883	-	$ (23,455,051)	-	(23,455,051)
Special education	4,826,671	-	650,538	-	(4,176,133)	-	(4,176,133)
Other instruction	269,637	-	-	-	(269,637)	-	(269,637)
Support services:							
Pupil	2,695,319	-	216,823	-	(2,478,496)	-	(2,478,496)
Instructional staff	777,257	-	161,723	-	(615,534)	-	(615,534)
Board of education	42,434	-	-	-	(42,434)	-	(42,434)
Administration	2,680,131	-	10,975	-	(2,669,156)	-	(2,669,156)
Fiscal	922,620	-	6,589	-	(916,031)	-	(916,031)
Business	181,487	-	-	-	(181,487)	-	(181,487)
Operation and maintenance of plant	4,499,705	-	8,767	-	(4,490,938)	-	(4,490,938)
Pupil transportation	1,730,304	-	-	41,691	(1,688,613)	-	(1,688,613)
Central	133,208	-	18,000	-	(115,208)	-	(115,208)
Non-instructional services:						-	-
Extracurricular activities	1,564,634	571,956	-	-	(992,678)	-	(992,678)
Community service	403,760	-	367,249	-	(36,511)	-	(36,511)
Interest and fiscal charges	1,970,209	-	-	-	(1,970,209)	-	(1,970,209)
Total Governmental Activities	46,375,342	756,988	1,478,547	41,691	(44,098,116)	-	(44,098,116)
Business-Type Activities:							
Food service	1,833,301	1,360,518	296,785	-	-	(175,998)	(175,998)
Unform school supplies	209,133	216,367	-	-	-	7,234	7,234
Total Business-Type Activities	2,042,434	1,576,885	296,785	-	-	(168,764)	(168,764)
	$ 48,417,776	2,333,873	1,775,332	41,691	(44,098,116)	(168,764)	(44,266,880)
General Revenues:							
Property taxes, levied for general purposes					21,318,348	-	21,318,348
Property taxes, levied for debt services					2,629,118	-	2,629,118
Income taxes					4,848,295	-	4,848,295
Grants and entitlements not restricted to specific programs					13,455,114	-	13,455,114
Investment earnings					144,448	-	144,448
Miscellaneous					1,305,655	-	1,305,655
Total general revenues					43,700,978	-	43,700,978
Change in net assets					(397,138)	(168,764)	(565,902)
Net assets beginning of year					16,853,675	549,507	17,403,182
Net assets end of year					$ 16,456,537	380,743	16,837,280

See accompanying notes to the basic financial statements.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2009

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and investments	$ 2,140,744	1,240,622	1,638,789	5,020,155
Restricted cash	137,211	-	-	137,211
Receivables:				
Taxes	23,435,598	2,678,348	1,611,966	27,725,912
Accounts	174,279	-	38,519	212,798
Intergovernmental	-	-	198,100	198,100
Prepaids	10,194	-	-	10,194
Interfund receivable	1,253	-	-	1,253
Total assets	25,899,279	3,918,970	3,487,374	33,305,623
Liabilities:				
Accounts payable	208,148	-	80,874	289,022
Accrued wages and benefits	4,295,596	-	132,867	4,428,463
Intergovernmental payable	829,762	-	22,968	852,730
Interfund payable	-	-	1,253	1,253
Compensated absences payable	252,268	-	-	252,268
Deferred revenue	19,082,312	2,321,588	1,464,189	22,868,089
Total liabilities	24,668,086	2,321,588	1,702,151	28,691,825
Fund Balances:				
Reserved for:				
Encumbrances	264,303	-	268,136	532,439
Budget stabilization	137,211	-	-	137,211
Property taxes	2,590,550	356,760	207,936	3,155,246
Prepaids	10,194	-	-	10,194
Debt service	-	1,240,622	-	1,240,622
Unreserved, reported in:				
General Fund	(1,771,065)	-	-	(1,771,065)
Special Revenue Funds	-	-	541,006	541,006
Capital Projects Funds	-	-	768,145	768,145
Total fund balances	1,231,193	1,597,382	1,785,223	4,613,798
Total liabilities and fund balances	$ 25,899,279	3,918,970	3,487,374	33,305,623

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balances		$	4,613,798
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.			47,991,370
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.			959,939
Bond issuance costs are not capitalized in the funds.			63,631
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	32,700,194		
Lease purchase agreement	110,115		
Compensated absences	3,665,271		
Early retirement incentive payable	587,232		
Accrued interest payable	109,389		(37,172,201)
Net Assets of Governmental Activities		$	16,456,537

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2009

		General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$	24,714,832	2,622,329	1,565,025	28,902,186
Tuition and fees		185,032	-	-	185,032
Interest		144,448	-	-	144,448
Intergovernmental		12,836,538	392,313	1,889,908	15,118,759
Other local revenues		648,998	-	1,224,968	1,873,966
Total revenues		38,529,848	3,014,642	4,679,901	46,224,391
Expenditures:					
Current:					
Instruction:					
Regular		21,638,110	-	153,471	21,791,581
Special education		3,908,368	-	665,699	4,574,067
Other instruction		255,613	-	-	255,613
Support services:					
Pupil		2,304,958	-	250,043	2,555,001
Instructional staff		583,690	-	161,703	745,393
Board of Education		42,434	-	-	42,434
Administration		2,511,326	-	14,587	2,525,913
Fiscal		811,099	33,457	26,864	871,420
Business		170,898	-	-	170,898
Operation and maintenance of plant		4,090,949	-	1,396,312	5,487,261
Pupil transportation		1,650,626	-	172,457	1,823,083
Central		486,319	-	337,718	824,037
Non-instructional services:					
Extracurricular activities		816,323	-	697,911	1,514,234
Community service		38,477	-	366,906	405,383
Capital outlay		67,114	-	27,198	94,312
Debt Service:					
Principal		105,202	1,545,000	-	1,650,202
Interest and fiscal charges		10,056	1,392,678	-	1,402,734
Total expenditures		39,491,562	2,971,135	4,270,869	46,733,566
Excess of revenues over (under) expenditures		(961,714)	43,507	409,032	(509,175)
Other financing sources (uses):					
Transfers in		-	-	447,892	447,892
Transfers out		(447,892)	-	-	(447,892)
Proceeds from sale of capital assets		-	-	3,645	3,645
Total other financing sources (uses):		(447,892)	-	451,537	3,645
Net change in fund balance		(1,409,606)	43,507	860,569	(505,530)
Fund balance, beginning of year		2,640,799	1,553,875	924,654	5,119,328
Fund balance, end of year	$	1,231,193	1,597,382	1,785,223	4,613,798

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
Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds		$ (505,530)
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	2,303,458	
Depreciation expense	(2,475,927)	(172,469)
Revenue in the statement of activities that do not provide current financial resouces are not reported as revenue in the governmental funds:		
Delinquent property taxes	52,612	
Income taxes	(159,037)	
Intergovernmental	(143,407)	(249,832)
Repayment of bond and lease-purchase principal are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		1,650,202
Amortization and accretion of long-term debt related items do not require use of current financial resources and are not reported in the governmental funds:		
Deferred charges	(10,318)	
Premium on issuance	34,268	
Loss on refunding	(23,994)	
Interest accretion on capital appreciation bonds	(566,305)	(566,349)
Some items 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 the governmental funds.		152,263
In the statement of activities, interest expense is accrued when incurred, whereas, in the governmental funds, an interest expenditure is reported when due.		(1,126)
In the statement of activities, loss on the disposal of capital assets is report in the statement of activities, whereas only proceeds from sales are reported is in the funds.		(704,297)
Change in Net Assets of Governmental Activities		$ (397,138)

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds
June 30, 2009

		Nonmajor Enterprise Funds
Assets:		
Current assets:		
Cash and investments	$	304,056
Supplies inventory		22,031
Total current assets		326,087
Noncurrent assets:		
Capital assets, net		308,440
Total assets		634,527
Liabilities:		
Current liabilities:		
Accounts payable		7,433
Accrued wages		109,197
Intergovernmental payable		66,004
Total current liabilities		182,634
Noncurrent liabilities:		
Compensated absences		71,150
Total liabilities		253,784
Net Assets:		
Invested in capital assets		308,440
Unrestricted		72,303
Total net assets	$	380,743

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, 2009

		Nonmajor Enterprise Funds
Operating revenues:		
Charges for services	$	1,576,885
Operating grants		296,785
Total operating revenues		1,873,670
Operating expenses:		
Salaries and wages		500,530
Fringe benefits		329,939
Contractual services		101,959
Materials and supplies		961,547
Depreciation		39,796
Other expenses		108,663
Total operating expenses		2,042,434
Operating loss		(168,764)
Net assets, beginning of year		549,507
Net assets, end of year	$	380,743

See accompanying notes to the basic financial statements.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2009

		Nonmajor Enterprise Funds
Cash flows from operating activities:		
Cash received from customers	$	1,576,885
Cash received from operating grants		220,273
Cash payments for personal services		(811,874)
Cash payments for contract services		(101,959)
Cash payments for supplies and materials		(888,922)
Cash payments for other expenses		(108,663)
Net cash used by operating activities		(114,260)
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(11,647)
Change in cash and cash equivalents		(125,907)
Cash and cash equivalents at beginning of year		429,963
Cash and cash equivalents at end of year	$	304,056
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss		(168,764)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation		39,796
Changes in assets and liabilities:		
Accounts payable		2,861
Supplies inventory		(6,748)
Accrued wages and benefits		10,376
Intergovernmental payable		3,793
Compensated absences payable		4,426
Net cash used by operating activities	$	(114,260)
Supplemental disclosure of noncash activities:		
Donated commodities	$	76,512

See accompanying notes to the basic financial statements.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets
Fiduciary Funds
June 30, 2009

		Private Purpose Trusts	Agency Funds
ASSETS			
Cash and investments	$	409,434	105,759
Total assets		409,434	105,759
LIABILITIES			
Accounts payable		211	-
Due to student groups		-	105,759
Total liabilities		211	105,759
NET ASSETS			
Held in trust	$	409,223	

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, 2009

		Private-Purpose Trust Funds
Additions:		
Contributions	$	30,088
Interest		3,233
Total additions		33,321
Deductions:		
Community gifts, awards and scholarships		33,195
Total deductions		33,195
Change in net assets		126
Net assets, beginning of year		409,097
Net assets, end of year	$	409,223

See accompanying notes to the basic financial statements.

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. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide and proprietary financial statements to the extent they do not conflict with or contradict GASB pronouncements. The School District has elected not to follow subsequent guidance for its business-type activities and enterprise funds. 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.

Included within the reporting entity is St. Rose School, a parochial school located within the School District boundaries operated through the Toledo Catholic Archdiocese. Current State legislation provides funding to this parochial school, which is received and disbursed on behalf of the parochial school by the Treasurer of the 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.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financials are not misleading. The primary government of the School District 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 Perrysburg Digital Academy, the component unit that was disclosed in prior years, ceased operations as of June 30, 2008.

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 11 and 12 to the basic financial statements.

B. <u>Basis of Presentation</u>

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 and fiduciary 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.

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.

C. 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 and are used to account for student activities.

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. 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, income taxes, 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 fiduciary funds 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 and income 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.

Deferred Revenue Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes measurable as of June 30, 2009, which are intended to finance fiscal year 2010 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. 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 "Cash and Investments".

During fiscal year 2009, 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, 2009.

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, 2009 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 2009 amounted to $144,448 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.

F. 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. Inventories of the enterprise funds consist of donated food, purchased food, and non-food supplies held for resale and are expensed when used.

G. Prepaids

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaids in the government-wide and fund financial statements.

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.

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." On the fund financial statements, the General Fund has receivables of $1,253 from other non-major governmental funds. These interfund loans were made to provide operating capital. 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.

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, debt service 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.

2. 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;
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 investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a custodial credit risk policy. At year-end, $1,802,028 of the School District's bank balance of $2,302,028 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

The School District's investment in STAROhio is not evidenced by securities that exist in physical or book entry form. Investments in STAR Ohio were rated AAAm by Standard & Poor's. The fair value of the School District's investment in STAROhio is $3,884,785 at June 30, 2009.

3. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at varying percentages of true value and on real property at 35% of true value.

Tangible personal property taxes are levied after April 1 on the value as of December 31 of the current year. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 was 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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, 2009 are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2009. 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 2009 taxes were collected are:

		2008 Second-Half Collections		2009 First-Half Collections	
		Amount	Percent	Amount	Percent
Residential/Agricultural	$	634,285,760	79.37%	644,664,260	79.29%
Commercial/Industrial		146,933,320	18.39%	146,820,950	18.06%
Public Utility Personal Property		9,335,210	1.17%	9,444,560	1.16%
General Personal Property		8,613,367	1.08%	12,157,787	1.50%
Total Assessed Value	$	799,167,657	100.00%	813,087,557	100.00%

4. 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.

5. CAPITAL ASSETS

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

		Balance 7/1/08	Additions	Disposals	Balance 6/30/09
Governmental Activities					
Non-Depreciable					
Land	$	2,852,269	-	-	2,852,269
Depreciable					
Land improvements		3,964,533	705,435	-	4,669,968
Buildings and improvements		64,110,088	1,149,240	(1,190,935)	64,068,393
Furniture and equipment		6,382,796	252,943	(103,421)	6,532,318
Vehicles		2,609,109	195,840	-	2,804,949
Subtotal		77,066,526	2,303,458	(1,294,356)	78,075,628
Totals at historical cost		79,918,795	2,303,458	(1,294,356)	80,927,897
Less accumulated depreciation:					
Land improvements		2,347,666	197,664	-	2,545,330
Buildings and improvements		22,430,533	1,652,080	(588,847)	23,493,766
Furniture and equipment		4,345,228	469,923	(1,212)	4,813,939
Vehicles		1,927,232	156,260	-	2,083,492
Total accumulated depreciation		31,050,659	2,475,927	(590,059)	32,936,527
Capital assets, net	$	48,868,136	(172,469)	(704,297)	47,991,370

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	$	1,367,321
Special education		252,604
Other instruction		15,122
Support services:		
Pupil		140,318
Instructional staff		37,294
Administration		160,318
Fiscal		51,200
Business		10,589
Operation and maintenance of plant		252,466
Pupil transportation		103,561
Central		30,913
Extracurricular activities		51,476
Community service		2,746
Total depreciation expense	$	2,475,927

		Balance 7/1/08	Additions	Disposals	Balance 6/30/09
Business-type Activities:					
Furniture and equipment	$	764,844	11,647	-	776,491
Less accumulated depreciation		428,255	39,796	-	468,051
Capital assets, net	$	336,589	(28,149)	-	308,440

Depreciation expense of $39,796 was charged to the food services segment.

6. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; and natural disasters for which the 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.

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 12). 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.

7. 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, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad Street, Columbus, Ohio 43215, by calling (800) 878-5853 or by visiting the SERS website at www.ohsers.org.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 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 Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefits Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2009, the allocation to pension and death benefits is 9.09%. The remaining 4.91% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were approximately $738,000, $804,000, and $781,000, respectively; 48% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007. The unpaid contribution for fiscal year 2009 is recorded as a liability in the respective funds.

State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a statewide cost-sharing, multiple-employer public employee retirement system for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3771.

New members have a choice of three retirement plans options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6%

for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. 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.

Member contributions under the Combined Plan are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contribution with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Plan members are required to contribution 10% of their annual covered salary and the School District was required to contribute 14%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions to STRS Ohio for the years ended June 30, 2009, 2008, and 2007 were approximately $2,867,000, $2,754,000, and $2,676,000, respectively; 84% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007. The unpaid contribution for fiscal year 2009 is recorded as a liability in the respective funds.

Social Security System

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

8. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), 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.

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan. Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for years ended June 30, 2009, 2008, and 2007. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District's contributions to STRS Ohio allocated to post-employment health care for the years June 30, 2009, 2008, and 2007 were approximately $205,000, $197,000, and $191,000, respectively.

School Employees Retirement System

SERS administers two postemployment benefit plans:

Medicare B Plan - The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was $96.40, SERS' reimbursement to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation was 0.75%. The School District contributions for the years ended June 30, 2009, 2008, and 2007 were $40,000, $39,000, and $39,000, respectively, which equaled the required contributions each year.

Health Care Plan - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health care plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2009, the health care allocation was 4.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at $35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for the years ended June 30, 2009, 2008, and 2007 were $219,000, $191,000, and $191,000, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

9. 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.

10. LONG-TERM LIABILITIES

The changes in the School District's government activities long-term liabilities during fiscal year 2009 were as follows:

		Balance 7/1/08	Additions	Deletions	Balance 6/30/09	Amounts Due in One Year
General obligation bonds	$	33,615,000	-	(1,545,000)	32,070,000	1,680,000
Interest accretion		-	566,305	-	566,305	
Premium on issuance		245,583	-	(34,268)	211,315	-
Deferred loss on refunding		(171,420)	-	23,994	(147,426)	-
Total bonds payable		33,689,163	566,305	(1,555,274)	32,700,194	1,680,000
Lease-purchase agreement		215,317	-	(105,202)	110,115	110,115
Early retirement incentive		618,041	137,571	(168,380)	587,232	196,075
Compensated absences		4,017,884	246,142	(346,487)	3,917,539	368,814
Total	$	38,540,405	950,018	(2,175,343)	37,315,080	2,355,004

General Obligation Bonds – These consist of five separate bond issues which pay interest at rates ranging from 3.00% to 4.90%. The bonds fully mature in December 2025.

In July 2006, the School District signed a lease-purchase agreement with a financial institution for the purchase of software and site licenses. The lease-purchase agreement pays interest at 4.67% and matures in July 2009.

Starting in 2006, the School District offered an early retirement incentive to employees which consisted of annual payments for a period of five years. Those liabilities have been recorded at their net present value using a discount rate of 4%. These liabilities will be paid from the General Fund. Compensated absences will be also be paid primarily by the General Fund.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2009, are:

Fiscal Year Ending June 30,		Principal	Interest	Total
2010	$	1,680,000	1,332,953	3,012,953
2011		1,820,000	1,264,530	3,084,530
2012		1,980,000	1,186,986	3,166,986
2013		1,720,000	1,531,313	3,251,313
2014		1,860,000	1,472,894	3,332,894
2015-2019		8,125,000	5,247,257	13,372,257
2020-2024		9,895,000	2,074,706	11,969,706
2025-2026		4,990,000	200,400	5,190,400
Total	$	32,070,000	14,311,038	46,381,038

Future minimum payments on the lease-purchase agreement at June 30, 2009 are:

Fiscal Year Ending June 30,		
2010	$	115,258
Less amount representing interest		(5,143)
Present value of minimum lease payments	$	110,115

The changes in the School District's business-type activities long-term liabilities during fiscal year 2009 were as follows:

		Balance 7/1/08	Additions	Deletions	Balance 6/30/09
Compensated absences	$	66,724	4,997	(571)	71,150

11. 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. 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.

12. 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.

13. 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, 2009.

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.

14. TRANSFERS

Interfund transfers for the year ended June 30, 2009 consisted of a transfer of $447,892 from the General Fund to an Other Governmental Fund.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted payment in lieu of tax revenues collected in an other governmental fund to finance various activities accounted for in the general fund in accordance with budgetary authorizations.

15. 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. 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.

		Textbooks	Capital Improvements	Budget Stabilization
Set-aside balance as of June 30, 2008	$	(197,099)	-	137,211
Current year set-aside requirement		682,555	682,555	-
Less qualifying disbursements and offsets		(516,365)	(2,141,836)	-
Total		(30,909)	(1,459,281)	137,211
Balance carried to FY2010		(30,909)	-	137,211
Cash balance as of June 30, 2009	$	-	-	137,211

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.

16. COLUMBIA GAS TRANSMISSION CORPORATION LAWSUIT

A lawsuit has been filed by the Columbia Gas Transmission Corporation (Corporation) arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The School District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Ohio Supreme Court, it may be entitled to a refund from the School District based on the lower assessment beginning from tax year 2001. The amount of refund is estimated to be approximately $34,000 per year. A portion of the refund may be recovered from additional State entitlement payments.

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, 2009

		Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:					
Taxes	$	25,976,801	25,976,801	25,591,905	(384,896)
Tuition and fees		10,000	10,000	158,873	148,873
Interest		300,000	300,000	144,448	(155,552)
Intergovernmental		12,635,821	12,641,242	12,836,538	195,296
Other local revenues		572,633	572,633	488,586	(84,047)
Total revenues		39,495,255	39,500,676	39,220,350	(280,326)
Expenditures:					
Current:					
Instruction:					
Regular		21,157,088	22,012,184	21,614,317	397,867
Special education		3,580,679	3,995,882	4,003,123	(7,241)
Other instruction		221,932	273,833	239,352	34,481
Support services:					
Pupil		1,987,551	2,212,289	2,225,407	(13,118)
Instructional staff		668,006	662,385	592,265	70,120
Board of Education		65,474	65,474	57,918	7,556
Administration		2,643,294	2,629,711	2,541,466	88,245
Fiscal		884,982	879,970	810,771	69,199
Business		204,840	204,409	168,800	35,609
Operation and maintenance of plant		4,419,576	4,473,371	4,047,353	426,018
Pupil transportation		1,850,926	1,907,261	1,643,715	263,546
Central		505,437	519,721	495,730	23,991
Non-instructional services:					
Community services		34,016	34,016	43,552	(9,536)
Extracurricular activities		830,066	828,828	996,448	(167,620)
Repayment of debt		205,000	241,900	58,055	183,845
Total expenditures		39,258,867	40,941,232	39,538,272	1,402,960
Excess of revenues over expenditures		236,388	(1,440,556)	(317,922)	1,122,634
Other financing sources (uses):					
Other sources		7,000	7,000	2,730	(4,270)
Transfers out		-	-	(454,892)	(454,892)
Advances in		-	-	448,471	448,471
Advances out		-	-	(1,253)	(1,253)
Total other financing sources (uses):		7,000	7,000	(4,944)	(11,944)
Net change in fund balance		243,388	(1,433,556)	(322,866)	1,110,690
Fund balance, beginning of year		2,007,111	2,007,111	2,007,111	
Prior year encumbrances appropriated		224,178	224,178	224,178	
Fund balance, end of year	$	2,474,677	797,733	1,908,423	

See accompanying notes to required supplemental information.

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:

		General
Net change in fund balance - GAAP Basis	$	(1,409,606)
Increase / (decrease):		
Due to revenues		690,502
Due to expenditures		278,486
Due to other sources (uses)		442,948
Due to encumbrances		(325,196)
Net change in fund balance - Budget Basis	$	(322,866)

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number		Federal Revenues	Federal Expenditures
U.S. Department of Agriculture:					
(Passed through Ohio Department of Education)					
Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	n/a	10.555	$	76,512	76,512
Cash Assistance:					
School Breakfast Program	05PU-2009	10.553		1,582	1,582
National School Lunch Program	LLP4-2009	10.555		214,881	214,881
Cash Assistance Subtotal				216,463	216,463
Nutrition Cluster Total				292,975	292,975
Total U.S. Department of Agriculture				292,975	292,975
U.S. Department of Education:					
(Passed through Ohio Department of Education)					
Special Education Cluster:					
Special Education - Grants to States	6BSF-2008	84.027		112,095	140,822
Special Education - Grants to States	6BSF-2009	84.027		639,519	608,164
Special Education Cluster Total				751,614	748,986
Title I Grants to Local Educational Agencies	C1S1-2009	84.010		88,736	80,606
Safe and Drug-Free Schools and Communities	DRS1-2009	84.186		6,943	6,943
State Grants for Innovative Programs	C2S1-2008	84.298		2,236	2,293
State Grants for Innovative Programs	C2S1-2009	84.298		5,032	4,185
				7,268	6,478
Title III Grant	T3S2-2009	84.365		28,371	28,371
Education Technology State Grants	TJS1-2009	84.318		1,068	961
Improving Teacher Quality State Grants	TRS1-2008	84.367		7,723	10,346
Improving Teacher Quality State Grants	TRS1-2009	84.367		89,955	88,564
				97,678	98,910
Total U.S. Department of Education				981,678	971,255
Total Federal Awards			$	1,274,653	1,264,230

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 - CHILD NUTRITION CLUSTER
Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District (the "School District") as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance And Other Matters

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

We noted certain matters that we reported to management of the School District in a separate letter dated December 30, 2009.

This report is intended solely for the information and use of the School District's management, the Board of Education, others within the entity, the Ohio Auditor of State and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 30, 2009

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 ("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, 2009. The School District's major federal programs are identified in the summary of auditors' 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 the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *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 the 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 on the School District's compliance with those requirements.

In our opinion, the 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, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questions costs as item 2009-1.

Internal Control Over Compliance

The management of the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in the School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the School District's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School District's internal control. We did not consider the deficiency described above to be a material weakness.

The Schools District's response to the finding identified in our audit is described in accompanying schedule of findings and questioned costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

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 those specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 30, 2009

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	yes
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	yes
Identification of major programs:	
Special Education Cluster: *CFDA 84.027 – Special Education Grants to States*	
Dollar threshold to distinguish between Type A and Type B Programs:	$300,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

DEPARTMENT OF EDUCATION

Finding 2009-1 - Special Education Cluster - CFDA No. 84.027

Condition: We performed tests to determine if the School District was properly preparing semi-annual certifications for employees that work solely on a specific federal programs to support salaries and wages. We noted these certifications were not prepared by the School District..

Criteria: OMB Circular A-87, Attachment B states that where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages are to be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semi-annually and will be signed by the employee and supervisor or just the supervisor, if they have firsthand knowledge of the information contained in the certification.

Effect: Lack of proper documentation could result in disallowed costs for the School District's federal programs.

Cause: The School District lacked procedures to ensure the proper completion of certifications on a semi-annual basis.

Recommendation: We recommend the School District implement procedures to ensure these semi-annual certificates are prepared in a timely manner and reviewed for completeness prior to being filed to comply with federal regulations.

Management response: *The School District has obtained the necessary forms and has met with the staff, principals and directors to insure that future certifications will be completed and filed within a designated time frame.*

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
Schedule of Prior Audit Findings
Year Ended June 30, 2009

Finding 2008-1 – Restated Financial Statements

As disclosed in Note 19 of the financial statements, the School District restated governmental activities net assets and business-type activities net assets as of June 30, 2007 by $5,351,803 and $(111,615), respectively, due to errors in reporting capital assets. The School District determined that capital assets in previous financial statements were misstated. Prior period adjustments to financial statements are an indicator of a significant deficiency in internal control over financial reporting.

Status: Corrected

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Education
Perrysburg Exempted Village School District:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on January 20, 2009.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

(1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

(2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

(3) A procedure for reporting prohibited incidents;

(4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

(5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

(6) A procedure for documenting any prohibited incident that is reported;

(7) A procedure for responding to and investigating any reported incident;

(8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

(10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board 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 30, 2009

Mary Taylor, CPA
Auditor of State

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 2, 2010