

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

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

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2010***

**MATT FEASEL, TREASURER**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Perrysburg Exempted Village School District, Wood County, prepared by Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

March 21, 2011

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

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

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

Independent Auditor's Report

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Perrysburg Exempted Village School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Perrysburg Exempted Village School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As disclosed in Note 3.C. to the basic financial statements, fund balances and net assets have been restated at July 1, 2009 due to a fund reclassification.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District, Wood County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2011 on our consideration of the Perrysburg Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report  
Perrysburg Exempted Village School District  
Page Two

We conducted our audit to opine on the financial statements that collectively comprise Perrysburg Exempted Village School District's basic financial statements. The schedule of receipts and expenditures of federal awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. We subjected the schedule of receipts and expenditures of federal awards to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Julian & Grube, Inc.  
January 27, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

The management's discussion and analysis of the Perrysburg Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2010 are as follows:

- In total, net assets of the governmental activities decreased \$120,059 from a balance of \$16,837,280 at June 30, 2009 (as restated - see Note 3.C) to \$16,717,221 at June 30, 2010.
- General revenues accounted for \$43,551,599 in revenue or 88.21% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,823,223 or 11.79% of total revenues of \$49,374,822.
- The District had \$49,494,881 in expenses related to governmental activities; only \$5,823,223 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$43,551,599 were not adequate to provide for these programs.
- The District's major governmental funds include the general fund and debt service fund. The general fund had \$38,564,971 in revenues and \$41,325,159 in expenditures. During fiscal 2010, the general fund's fund balance decreased \$2,760,188 from \$1,231,193 to a fund balance deficit of \$1,528,995.
- The debt service fund had \$3,210,980 in revenues and \$3,049,135 in expenditures. During fiscal year 2010, the debt service fund balance increased by \$161,845 from \$1,597,382 to \$1,759,227.

**Using the Basic Financial Statements**

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

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the major funds are the general fund and the debt service fund.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The statement of net assets and statement of activities can be found on pages 14-15, of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

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

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16-19 and the budgetary statement for the general fund can be found on page 20.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

***Proprietary Funds***

The District maintains only one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District has an internal service fund to account for a self-insurance program which provides dental benefits to employees. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

***Fiduciary Funds***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 24 and 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 26-56 of this report.

**The District as a Whole**

A comparative analysis for government-wide financial statements using the full accrual basis of accounting is presented below. Refer to Note 3.C. to the basic financial statements for detail on the fund reclassification and restatement of net assets at the beginning of the fiscal year.

	Governmental Activities	
		(Restated)
	2010	2009
<b><u>Assets</u></b>		
Current assets	\$ 32,096,322	\$ 33,694,088
Capital assets, net	49,070,889	48,299,810
Total assets	81,167,211	81,993,898
<b><u>Liabilities</u></b>		
Current liabilities	28,452,734	27,770,388
Long-term liabilities	35,997,256	37,386,230
Total liabilities	64,449,990	65,156,618
<b><u>Net Assets</u></b>		
Invested in capital		
assets, net of related debt	18,038,192	16,165,921
Restricted	3,644,347	2,183,522
Unrestricted (deficit)	(4,965,318)	(1,512,163)
Total net assets	\$ 16,717,221	\$ 16,837,280

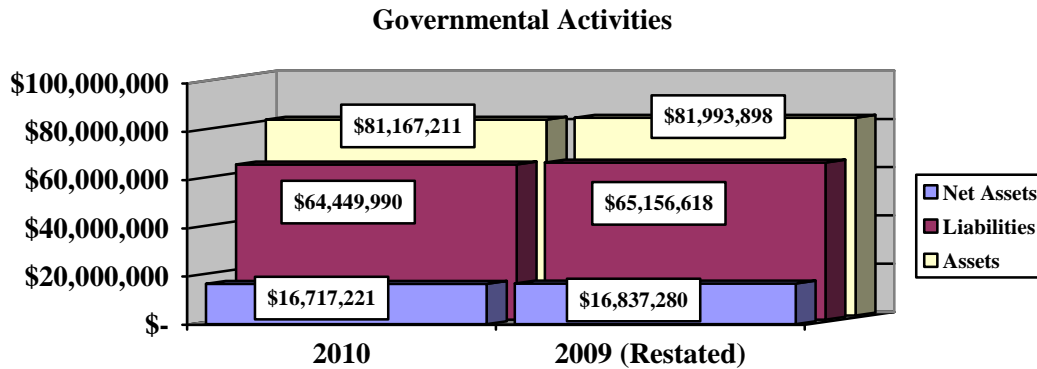
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$16,717,221.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

At year-end, capital assets represented 60.46% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$18,038,192. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$3,644,347, represents resources that are subject to external restriction on how they may be used. The table below illustrates the District's assets, liabilities and net assets at June 30, 2010 and 2009.



The table below shows the changes in net assets for governmental activities for fiscal year 2010 compared to fiscal year 2009. Certain revenues and expenditures have been reclassified in fiscal year 2009 for comparative purposes.

	Change in Net Assets	
	Governmental Activities 2010	(Restated) Governmental Activities 2009
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 2,786,526	\$ 2,664,039
Operating grants and contributions	2,908,912	1,775,332
Capital grants and contributions	127,785	41,691
General revenues:		
Property taxes	24,966,832	23,947,466
Income taxes	4,579,290	4,848,295
Grants and entitlements	13,327,920	13,455,114
Prayments in lieu of taxes	519,997	484,489
Investment earnings	34,764	144,448
Miscellaneous	122,796	491,000
<b>Total revenues</b>	<b>49,374,822</b>	<b>47,851,874</b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

	<b>Change in Net Assets</b>	
	(Restated)	
	Governmental Activities 2010	Governmental Activities 2009
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	23,997,557	23,887,099
Special	5,139,362	4,826,671
Vocational	134,069	269,637
Support services:		
Pupil	2,846,253	2,695,319
Instructional staff	966,809	777,257
Board of education	31,980	42,434
Administration	3,067,377	2,680,131
Fiscal	1,030,548	922,620
Business	210,843	181,487
Operations and maintenance	4,602,830	4,499,705
Pupil transportation	1,576,393	1,730,304
Central	645,229	133,208
Operations of non-instructional services		
Other non-instructional services	329,019	403,760
Food service operations	1,707,614	1,833,301
Extracurricular activities	1,673,552	1,564,634
Interest and fiscal charges	<u>1,535,446</u>	<u>1,970,209</u>
Total expenses	<u>49,494,881</u>	<u>48,417,776</u>
Change in net assets	(120,059)	(565,902)
Net assets at beginning of year	<u>16,837,280</u>	<u>17,403,182</u>
Net assets at end of year	<u>\$ 16,717,221</u>	<u>\$ 16,837,280</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

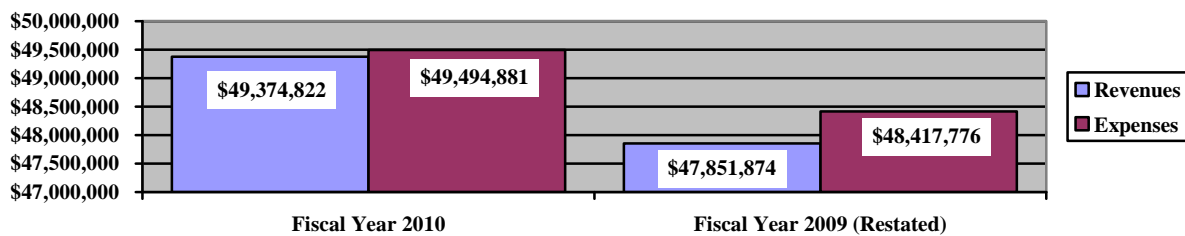
**Governmental Activities**

Net assets of the District's governmental activities decreased \$120,059. Total governmental expenses of \$49,494,881 were offset by program revenues of \$5,823,223, and general revenues of \$43,551,599. Program revenues supported 11.77% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, school district income taxes, grants and entitlements and payments in lieu of taxes. These four sources of revenue total \$43,394,039 and represent 87.89% of total governmental revenue. Real estate property is reappraised every six years.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2010 and 2009.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2010 compared to 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Refer to Note 3.C. to the basic financial statements for detail on the fund reclassification and restatement of net assets at the beginning of the fiscal year. Certain revenues and expenditures have been reclassified in fiscal year 2009 for comparative purposes.

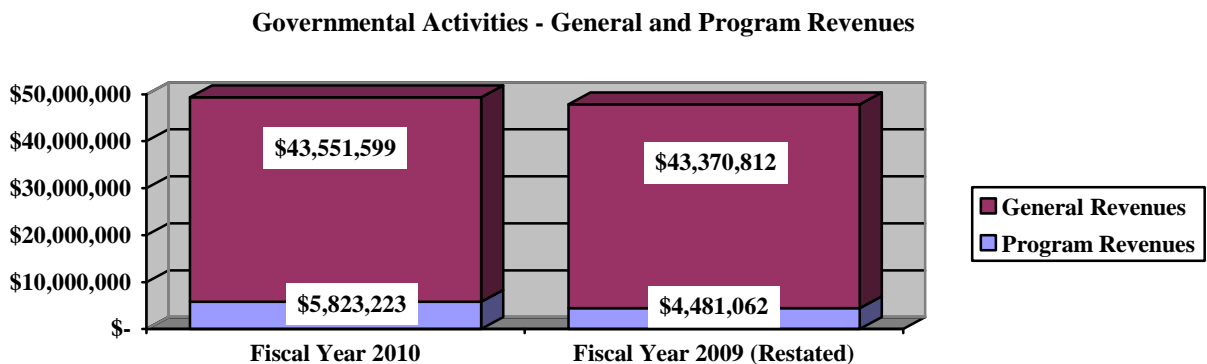
**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	(Restated)	(Restated)
			Total Cost of	Net Cost of
			Services <u>2009</u>	Services <u>2009</u>
Program expenses:				
Instruction:				
Regular	\$ 23,997,557	\$ 22,881,447	\$ 23,887,099	\$ 23,117,651
Special	5,139,362	4,311,664	4,826,671	4,176,133
Vocational	134,069	112,615	269,637	269,637
Support services:				
Pupil	2,846,253	2,325,415	2,695,319	2,478,496
Instructional staff	966,809	787,433	777,257	615,534
Board of Education	31,980	31,980	42,434	42,434
Administration	3,067,377	3,057,877	2,680,131	2,669,156
Fiscal	1,030,548	1,028,063	922,620	916,031
Business	210,843	210,843	181,487	181,487
Operations and maintenance	4,602,830	4,404,229	4,499,705	4,490,938
Pupil transportation	1,576,393	1,491,151	1,730,304	1,688,613
Central	645,229	629,759	133,208	115,208
Operation of non-instructional services:				
Other non-instructional services	329,019	10,143	403,760	36,511
Food service operations	1,707,614	(15,599)	1,833,301	175,998
Extracurricular activities	1,673,552	869,192	1,564,634	992,678
Interest and fiscal charges	1,535,446	1,535,446	1,970,209	1,970,209
Total expenses	<u>\$ 49,494,881</u>	<u>\$ 43,671,658</u>	<u>\$ 48,417,776</u>	<u>\$ 43,936,714</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 93.29% of instruction activities, which total \$29,270,988, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 88.23%.

The graph below presents the District's general and program revenues for fiscal years 2010 and 2009.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$1,826,483, which is lower than last year's total of \$4,757,251. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance (deficit) <u>June 30, 2010</u>	(Restated) Fund Balance <u>June 30, 2009</u>	Increase/ (Decrease) <u></u>
General	\$ (1,528,995)	\$ 1,231,193	\$ (2,760,188)
Debt Service	1,759,227	1,597,382	161,845
Other Governmental	<u>1,596,251</u>	<u>1,928,676</u>	<u>(332,425)</u>
Total	<u>\$ 1,826,483</u>	<u>\$ 4,757,251</u>	<u>\$ (2,930,768)</u>

**General Fund**

The District's general fund balance decreased \$2,760,188. Certain revenues have been reclassified in fiscal year 2009 for comparative purposes.

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 25,257,840	\$ 24,714,832	2.20 %
Tuition	377,719	453,942	(16.79) %
Earnings on investments	29,460	144,448	(79.61) %
Intergovernmental	12,718,387	12,836,538	(0.92) %
Other revenues	<u>181,565</u>	<u>380,088</u>	(52.23) %
Total	<u>\$ 38,564,971</u>	<u>\$ 38,529,848</u>	0.09 %
	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>			
Instruction	\$ 26,996,530	\$ 25,802,091	4.63 %
Support services	13,151,072	12,652,299	3.94 %
Operation of non-instructional services	19,984	38,477	(48.06) %
Extracurricular activities	859,794	816,323	5.33 %
Facilities acquisition and construction	182,521	67,114	171.96 %
Debt service	<u>115,258</u>	<u>115,258</u>	- %
Total	<u>\$ 41,325,159</u>	<u>\$ 39,491,562</u>	4.64 %

The decrease in earnings on investments was due to decreases in investable balances. The decrease in tuition revenue was the result of a decline in open enrollment. Overall, total revenues remained consistent with the previous year. In total, the overall increase in expenditures was not significant in the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

***Debt Service Fund***

The debt service fund had \$3,210,980 in revenues and \$3,049,135 in expenditures. During fiscal year 2010, the debt service fund balance increased by \$161,845 from \$1,597,382 to \$1,759,227.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2010, the original and final budgeted revenues and other financing sources were \$40,424,427 and \$40,736,127, respectively. Actual revenues and other financing sources for fiscal year 2010 were \$38,289,807. Actual revenues and other financing sources were \$2,446,320 lower than final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$40,524,591 were increased to \$41,200,629 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$40,726,356, which was \$474,273 lower than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2010, the District had \$49,070,889 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District reclassified the capital assets of the nonmajor enterprise funds as described in Note 3.C. to the basic financial statements. The following table shows fiscal 2010 balances compared to 2009:

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>(Restated) 2009</u>
Land	\$ 3,602,269	\$ 2,852,269
Construction in progress	6,658	-
Land improvements	3,370,906	2,124,638
Building and improvements	39,260,334	40,574,627
Furniture and equipment	1,968,961	2,026,819
Vehicles	<u>861,761</u>	<u>721,457</u>
Total	<u>\$ 49,070,889</u>	<u>\$ 48,299,810</u>

Total additions to capital assets for 2010 were \$3,536,095 and total disposals were \$22,277 (net of accumulated depreciation). Depreciation recorded for the fiscal year totaled \$2,742,739.

The overall increase in capital assets of \$771,079 is primarily due to the District's improvements to the high school athletic field and renovations and improvements to the Commodore building.

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



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

***Debt Administration***

At June 30, 2010, the District had \$31,139,659 in general obligation bonds and \$585,000 in OASBO notes payable. Of this total, \$1,877,000 is due within one year and \$29,847,659 is due in greater than one year. The following table summarizes the bonds, notes and lease obligations outstanding at June 30, 2010 and 2009.

**Outstanding Debt, at Year End**

	Governmental Activities 2010	Governmental Activities 2009
General obligation bonds:		
Current interest bonds	\$ 29,625,000	\$ 31,305,000
Capital appreciation bonds	764,988	764,988
Accreted interest	749,671	566,317
Lease-purchase agreement	-	110,115
OASBO note payable	585,000	-
Total	\$ 31,724,659	\$ 32,746,420

At June 30, 2010, the District's overall legal debt margin was \$45,030,326 with an unvoted debt margin of \$818,457.

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

**Economic Conditions and Outlook**

The District suffered a disappointing year financially as a result of the lagging economy. A District that traditionally prospers from the effects of residential and commercial real estate growth and a continuous increased income tax stream experienced a stagnant atmosphere during the 2010 fiscal year.

Historically, real estate values throughout the District, increased at an average rate of over three (3.53%) percent annually. Tax year 2009 values increased at a modest 2.19%. The actual real estate collection did experience an increase due mainly to the increase established by the incremental levy designated to generate an additional \$593,184.00 annually. The results of this emergency levy originally approved by residents in May of 2004 and renewed in November of 2008 saw the intended effects diminish with the minimal valuation growth. The additional factor of the District being at the twenty mill floor and experiencing some revenue growth as a result of the valuation growth also saw minimal benefits. The dollars generated from the emergency levy represented approximately sixteen (15.9%) percent of the District's actual fiscal year 2010 revenue.

The District's income tax collection affected the operations of the District significantly in fiscal year 2010. District officials recognized that business was not going to be "as usual" after the first income tax allocation of the year was received in July of 2009. Budget adjustments, that could be made, were made to offset the revenue shortfall. Staffing and contractual commitments made it very difficult to offset the needed shortfall within fiscal year 2010. The community continues to grow and as a result creating a larger tax base of taxpaying residents but economic conditions has definitely affected the growth in collections.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

The District has taken very aggressive measures to implement balanced budgets as the District moves forward into fiscal year 2011. Budget reductions in the amount of \$ 3.1 million dollars were implemented during the spring of 2010 for the fiscal year 2011. The result was fifty-two (52) staff members being laid off combined with significant reductions in all other areas of the budget. Further budget reductions continue to be reviewed in order to maintain balanced budgets.

With economic conditions as they are, the rate of revenue growth continues to be a concern. The rate of growth of the District's expenditure levels have been reviewed and scrutinized as well. The administration has managed to control the growth of expenditures levels to less than four (3.44%) percent between fiscal years 2009 and 2010. 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 District's administrative team. The curriculum arena had a new leader for fiscal year 2009 and the implementation of a zero-based budget system had a significant impact on our budgets. Costs for services for students with special needs continue to rise. This is such an uncontrollable cost. Court placed students with disabilities have a drastic impact on District finances. The District reviews these services on an annual basis to review their effectiveness for services and costs.

The District continues to grow in 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 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 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.

**Contacting the District's Financial Management**

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

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**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 3,063,198
Cash with fiscal agent . . . . .	301,502
Receivables:	
Property taxes . . . . .	25,945,864
School district income taxes . . . . .	2,050,530
Payments in lieu of taxes . . . . .	278,760
Intergovernmental . . . . .	247,557
Accounts. . . . .	116,017
Prepayments . . . . .	13,525
Materials and supplies inventory. . . . .	21,900
Unamortized bond issue costs. . . . .	57,469
Capital assets:	
Land and construction in progress. . . . .	3,608,927
Depreciable capital assets, net. . . . .	45,461,962
Capital assets, net . . . . .	49,070,889
 Total assets. . . . .	 81,167,211
 <b>Liabilities:</b>	
Accounts payable. . . . .	166,001
Accrued wages and benefits . . . . .	4,651,117
Pension obligation payable. . . . .	1,031,892
Intergovernmental payable . . . . .	427,296
Unearned revenue . . . . .	22,006,190
Accrued interest payable . . . . .	106,986
Claims payable. . . . .	63,252
Long-term liabilities:	
Due within one year. . . . .	2,523,744
Due in more than one year . . . . .	33,473,512
 Total liabilities . . . . .	 64,449,990
 <b>Net assets:</b>	
Invested in capital assets, net of related debt. . . . .	18,038,192
Restricted for:	
Capital projects . . . . .	1,029,237
Debt service. . . . .	1,692,659
Locally funded programs . . . . .	21,082
State funded programs. . . . .	44,716
Federally funded programs . . . . .	17,928
Public school support . . . . .	128,957
Student activities . . . . .	376,623
Other purposes . . . . .	333,145
Unrestricted (deficit) . . . . .	(4,965,318)
 Total net assets . . . . .	 \$ 16,717,221

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 23,997,557	\$ 573,187	\$ 542,923	\$ -	\$ (22,881,447)
Special . . . . .	5,139,362	41,357	786,341	-	(4,311,664)
Vocational . . . . .	134,069	-	21,454	-	(112,615)
Support services:					
Pupil . . . . .	2,846,253	11,872	508,966	-	(2,325,415)
Instructional staff . . . . .	966,809	-	179,376	-	(787,433)
Board of education . . . . .	31,980	-	-	-	(31,980)
Administration . . . . .	3,067,377	-	9,500	-	(3,057,877)
Fiscal . . . . .	1,030,548	110	2,375	-	(1,028,063)
Business . . . . .	210,843	-	-	-	(210,843)
Operations and maintenance . . . . .	4,602,830	66,258	4,558	127,785	(4,404,229)
Pupil transportation . . . . .	1,576,393	319	84,923	-	(1,491,151)
Central . . . . .	645,229	1,575	13,895	-	(629,759)
Operation of non-instructional services:					
Other non-instructional services . . . . .	329,019	-	318,876	-	(10,143)
Food service operations . . . . .	1,707,614	1,338,080	385,133	-	15,599
Extracurricular activities . . . . .	1,673,552	753,768	50,592	-	(869,192)
Interest and fiscal charges . . . . .	1,535,446	-	-	-	(1,535,446)
Totals . . . . .	<u>\$ 49,494,881</u>	<u>\$ 2,786,526</u>	<u>\$ 2,908,912</u>	<u>\$ 127,785</u>	<u>(43,671,658)</u>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	20,567,269
Debt service . . . . .	2,785,927
Capital projects . . . . .	1,613,636
Income taxes levied for:	
General purposes . . . . .	4,579,290
Grants and entitlements not restricted to specific programs . . . . .	
Payments in lieu of taxes . . . . .	519,997
Investment earnings . . . . .	34,764
Miscellaneous . . . . .	122,796
Total general revenues . . . . .	<u>43,551,599</u>
Change in net assets . . . . .	(120,059)
<b>Net assets at beginning of year (restated) . . . . .</b>	<u>16,837,280</u>
<b>Net assets at end of year . . . . .</b>	<u>\$ 16,717,221</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ -	\$ 1,083,229	\$ 1,822,488	\$ 2,905,717
Receivables:				
Property taxes. . . . .	21,554,043	2,788,809	1,603,012	25,945,864
School district income taxes . . . . .	2,050,530	-	-	2,050,530
Payments in lieu of taxes. . . . .	-	-	278,760	278,760
Intergovernmental . . . . .	2,377	-	245,180	247,557
Accounts. . . . .	116,017	-	-	116,017
Prepayments. . . . .	11,022	-	2,503	13,525
Materials and supplies inventory. . . . .	-	-	21,900	21,900
Due from other funds . . . . .	-	256,791	-	256,791
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	157,481	-	-	157,481
Total assets . . . . .	<u>\$ 23,891,470</u>	<u>\$ 4,128,829</u>	<u>\$ 3,973,843</u>	<u>\$ 31,994,142</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 50,513	\$ -	\$ 115,488	\$ 166,001
Accrued wages and benefits. . . . .	4,381,846	-	269,271	4,651,117
Compensated absences payable . . . . .	369,739	-	-	369,739
Early retirement incentive payable . . . . .	144,623	-	-	144,623
Pension obligation payable . . . . .	938,358	-	93,534	1,031,892
Intergovernmental payable . . . . .	363,600	-	63,696	427,296
Due from other funds . . . . .	256,791	-	-	256,791
Deferred revenue . . . . .	810,280	38,809	264,921	1,114,010
Unearned revenue. . . . .	18,104,715	2,330,793	1,570,682	22,006,190
Total liabilities. . . . .	<u>25,420,465</u>	<u>2,369,602</u>	<u>2,377,592</u>	<u>30,167,659</u>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	96,393	-	359,517	455,910
Reserved for materials and supplies inventory. . . . .	-	-	21,900	21,900
Reserved for prepayments. . . . .	11,022	-	2,503	13,525
Reserved for property tax unavailable for appropriation . . . . .	3,071,534	419,207	241,865	3,732,606
Reserved for debt service . . . . .	-	1,340,020	-	1,340,020
Reserved for budget stabilization . . . . .	137,211	-	-	137,211
Reserved for instructional materials . . . . .	20,662	-	-	20,662
Reserved for school bus purchases . . . . .	1,270	-	-	1,270
Unreserved, undesignated, (deficit) reported in:				
General fund. . . . .	(4,867,087)	-	-	(4,867,087)
Special revenue funds . . . . .	-	-	563,383	563,383
Capital projects funds . . . . .	-	-	407,083	407,083
Total fund balances . . . . .	<u>(1,528,995)</u>	<u>1,759,227</u>	<u>1,596,251</u>	<u>1,826,483</u>
Total liabilities and fund balances . . . . .	<u>\$ 23,891,470</u>	<u>\$ 4,128,829</u>	<u>\$ 3,973,843</u>	<u>\$ 31,994,142</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010

<b>Total governmental fund balances</b>		\$ 1,826,483
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		49,070,889
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 446,077	
School district income taxes receivable	318,929	
Payments in lieu of taxes receivable	159,897	
Intergovernmental receivable	188,196	
Accounts receivable	911	
Total		1,114,010
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.		238,250
Unamortized deferred charges are not recognized in the funds.		133,141
Unamortized bond issuance costs are not recognized in the funds.		57,469
Unamortized premiums on bond issuances are not recognized in the funds.		(190,850)
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(106,986)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Current interest	(29,625,000)	
Capital appreciation bonds	(1,514,659)	
OASBO note	(585,000)	
Early retirement incentive	(267,281)	
Compensated absences	(3,433,245)	
Total		(35,425,185)
<b>Net assets of governmental activities</b>		<b>\$ 16,717,221</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 20,706,516	\$ 2,800,466	\$ 1,622,590	\$ 25,129,572
School district income taxes . . . . .	4,551,324	-	-	4,551,324
Tuition . . . . .	377,719	-	14,640	392,359
Earnings on investments . . . . .	29,460	-	-	29,460
Charges for services . . . . .	-	-	1,338,080	1,338,080
Extracurricular . . . . .	-	-	661,399	661,399
Classroom materials and fees . . . . .	-	-	224,608	224,608
Other local revenues . . . . .	181,565	-	289,043	470,608
Payments in lieu of taxes . . . . .	-	-	360,100	360,100
Intergovernmental - intermediate . . . . .	-	-	4,251	4,251
Intergovernmental - state . . . . .	12,718,387	410,514	677,827	13,806,728
Intergovernmental - federal . . . . .	-	-	2,246,958	2,246,958
Total revenue . . . . .	<u>38,564,971</u>	<u>3,210,980</u>	<u>7,439,496</u>	<u>49,215,447</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	22,666,158	-	832,878	23,499,036
Special . . . . .	4,206,043	-	830,229	5,036,272
Vocational . . . . .	124,329	-	-	124,329
Support services:				
Pupil . . . . .	2,219,696	-	541,487	2,761,183
Instructional staff . . . . .	745,326	-	189,007	934,333
Board of education . . . . .	31,225	-	-	31,225
Administration . . . . .	2,932,619	-	9,600	2,942,219
Fiscal . . . . .	920,113	36,182	36,390	992,685
Business . . . . .	202,098	-	-	202,098
Operations and maintenance . . . . .	3,908,707	-	1,323,390	5,232,097
Pupil transportation . . . . .	1,653,776	-	81,468	1,735,244
Central . . . . .	537,512	-	315,321	852,833
Operation of non-instructional services . . . . .	19,984	-	307,315	327,299
Food service operations . . . . .	-	-	1,649,013	1,649,013
Extracurricular activities . . . . .	859,794	-	721,419	1,581,213
Facilities acquisition and construction . . . . .	182,521	-	1,502,987	1,685,508
Debt service:				
Principal retirement . . . . .	110,115	1,680,000	70,000	1,860,115
Interest and fiscal charges . . . . .	5,143	1,332,953	16,417	1,354,513
Total expenditures . . . . .	<u>41,325,159</u>	<u>3,049,135</u>	<u>8,426,921</u>	<u>52,801,215</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(2,760,188)</u>	<u>161,845</u>	<u>(987,425)</u>	<u>(3,585,768)</u>
<b>Other financing sources:</b>				
Sale of notes . . . . .	-	-	655,000	655,000
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>655,000</u>	<u>655,000</u>
Net change in fund balances . . . . .	(2,760,188)	161,845	(332,425)	(2,930,768)
<b>Fund balances at beginning of year (restated).</b>	<u>1,231,193</u>	<u>1,597,382</u>	<u>1,928,676</u>	<u>4,757,251</u>
<b>Fund balances at end of year.</b>	<u>\$ (1,528,995)</u>	<u>\$ 1,759,227</u>	<u>\$ 1,596,251</u>	<u>\$ 1,826,483</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<b>Net change in fund balances - total governmental funds</b>		<b>\$ (2,930,768)</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	\$ 3,536,095	
Current year depreciation	<u>(2,742,739)</u>	
Total		793,356
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(22,277)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(162,740)	
School district income taxes	27,966	
Payments in lieu of taxes	159,897	
Intergovernmental	128,037	
Other revenue	<u>911</u>	
Total		154,071
Repayment of long-term debt, including bonds, notes and lease-purchase agreements, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net assets.		
		1,860,115
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in more interest being reported on the statement of activities:		
Decrease in accrued interest payable	2,403	
Accreted interest on "capital appreciation" bonds	(183,354)	
Amortization of bond issuance costs	(6,162)	
Amortization on bond premiums	20,465	
Amortization of deferred charge on refunding	<u>(14,285)</u>	
Total		(180,933)
The issuance of notes are recorded as other financing sources in the funds, however, on the statement of activities they are not reported as revenues as they increase liabilities on the statement of net assets.		
		(655,000)
Some expenses, such as compensated absences, reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in the governmental funds.		
Early retirement incentives	319,951	
Compensated absences	<u>303,176</u>	
Total		623,127
The internal service fund used by management to charge the costs of a self-insurance program, is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenues of the internal service fund are allocated among the governmental activities.		
		<u>238,250</u>
<b>Change in net assets of governmental activities</b>		<b><u>\$ (120,059)</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 20,858,396	\$ 20,858,396	\$ 20,225,532	\$ (632,864)
School district income taxes. . . . .	5,375,000	5,375,000	4,582,459	(792,541)
Tuition. . . . .	398,286	414,613	432,494	17,881
Earnings on investments . . . . .	303,000	303,000	27,083	(275,917)
Other local revenues . . . . .	165,574	196,820	172,953	(23,867)
Payments in lieu of taxes . . . . .	107,056	114,392	125,656	11,264
Intergovernmental - state . . . . .	13,214,615	13,214,615	12,718,387	(496,228)
Total revenues. . . . .	<u>40,421,927</u>	<u>40,476,836</u>	<u>38,284,564</u>	<u>(2,192,272)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	22,147,019	22,372,743	22,305,353	67,390
Special. . . . .	3,805,872	3,908,652	4,241,719	(333,067)
Vocational. . . . .	181,811	185,793	155,084	30,709
Support services:				
Pupil. . . . .	2,223,116	2,251,609	2,226,628	24,981
Instructional staff . . . . .	714,857	736,375	724,119	12,256
Board of education . . . . .	48,747	49,815	25,285	24,530
Administration. . . . .	2,830,125	2,898,181	2,818,238	79,943
Fiscal . . . . .	914,731	935,397	857,119	78,278
Business . . . . .	173,091	176,882	174,748	2,134
Operations and maintenance. . . . .	4,214,755	4,334,934	3,948,781	386,153
Pupil transportation . . . . .	1,651,908	1,688,028	1,643,243	44,785
Central. . . . .	548,644	568,870	540,748	28,122
Operation of non-instructional services . . . . .	21,017	21,477	24,200	(2,723)
Extracurricular activities. . . . .	839,882	858,279	849,368	8,911
Facilities acquisition and construction . . . . .	202,166	206,594	191,723	14,871
Total expenditures . . . . .	<u>40,517,741</u>	<u>41,193,629</u>	<u>40,726,356</u>	<u>467,273</u>
Excess of expenditures over revenues. . . . .	<u>(95,814)</u>	<u>(716,793)</u>	<u>(2,441,792)</u>	<u>(1,724,999)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditures . . . . .	-	-	3,990	3,990
Transfers (out). . . . .	(6,850)	(7,000)	-	7,000
Advances in. . . . .	-	256,791	1,253	(255,538)
Sale of assets . . . . .	2,500	2,500	-	(2,500)
Total other financing sources (uses) . . . . .	<u>(4,350)</u>	<u>252,291</u>	<u>5,243</u>	<u>(247,048)</u>
Net change in fund balance . . . . .	(100,164)	(464,502)	(2,436,549)	(1,972,047)
<b>Fund balance at beginning of year . . . . .</b>	1,908,423	1,908,423	1,908,423	-
<b>Prior year encumbrances appropriated . . . . .</b>	325,196	325,196	325,196	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,133,455</u>	<u>\$ 1,769,117</u>	<u>\$ (202,930)</u>	<u>\$ (1,972,047)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2010

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Cash with fiscal agent . . . . .	\$ 301,502
Total assets. . . . .	301,502
<b>Liabilities:</b>	
Claims payable . . . . .	63,252
Total liabilities . . . . .	63,252
<b>Net assets:</b>	
Unrestricted. . . . .	238,250
Total net assets . . . . .	\$ 238,250

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services. . . . .	\$ 4,996,100
Total operating revenues . . . . .	<u>4,996,100</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	736,075
Claims . . . . .	<u>4,027,079</u>
Total operating expenses. . . . .	<u>4,763,154</u>
Operating income . . . . .	232,946
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	<u>5,304</u>
Total nonoperating revenues. . . . .	<u>5,304</u>
Change in net assets. . . . .	238,250
<b>Net assets at beginning of year . . . . .</b>	<u>-</u>
<b>Net assets at end of year. . . . .</b>	<u><u>\$ 238,250</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	4,996,100
Cash payments for purchased services . . . . .	(736,075)
Cash payments for claims . . . . .	<u>(3,963,827)</u>
Net cash provided by operating activities . . . . .	<u>296,198</u>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	<u>5,304</u>
Net cash provided by investing activities . . . . .	<u>5,304</u>
Net increase in cash and cash equivalents . . . . .	301,502
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>-</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 301,502</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 232,946
Changes in assets and liabilities:	
Increase in claims payable. . . . .	<u>63,252</u>
Net cash provided by operating activities . . . . .	<u><u>\$ 296,198</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 401,985	\$ 121,732
Prepayments . . . . .	-	142
	<hr/>	<hr/>
Total assets. . . . .	401,985	<u>\$ 121,874</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 1,997
Intergovernmental payable . . . . .	67	633
Due to students. . . . .	-	119,244
	<hr/>	<hr/>
Total liabilities . . . . .	67	<u>\$ 121,874</u>
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	<u>401,918</u>	
Total net assets . . . . .	<u>\$ 401,918</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 998
Gifts and contributions . . . . .	13,991
Total additions . . . . .	14,989
<b>Deductions:</b>	
Scholarships awarded . . . . .	22,294
Change in net assets . . . . .	(7,305)
<b>Net assets at beginning of year . . . . .</b>	<b>409,223</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 401,918</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

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

The District ranks as the 81<sup>st</sup> largest by enrollment among the 905 public and community school districts in the State. It currently operates 4 elementary schools, 1 junior high school, and 1 comprehensive high school. The District employs 21 administrators, 189 non-certified and 299 certified full-time and part-time employees to provide services to approximately 4,493 students and various community groups.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northern Ohio Educational Computer Association (NOECA)

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

Penta Career Center

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

The following are the District's major governmental funds:

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; (b) for grants and other resources whose use is restricted to a particular purpose; and (c) for food service operations.

*PROPRIETARY FUND*

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

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

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

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

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

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2010, have also been reported as deferred revenue.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**E. Budgets**

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Wood County Budget Commission for rate determination. The Wood County Budget Commission waived the tax budget filing requirement for fiscal year 2010.

Estimated Resources:

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

Appropriations:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**F. Cash and Cash Equivalents**

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

During fiscal year 2010, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

The District had invested funds in STAR Ohio during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statutes all investment earning are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$29,460, which includes \$21,958 assigned from other District funds.

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

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

**G. Inventory**

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

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**H. Prepaids**

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

**I. Capital Assets**

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

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

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

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

**J. Interfund Balances**

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

**K. Compensated Absences**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

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

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

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

**M. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, property tax unavailable for appropriation, debt service, budget stabilization, instructional materials and school bus purchases. The reserve for property tax unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**N. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts reserved for budget stabilization, school bus purchases and instructional materials. See Note 17 for details.

**O. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted for budget stabilization and amounts restricted by State statute for school bus purchases and instructional materials.

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

**P. Estimates**

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

**Q. Interfund Activity**

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

**R. Parochial School**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

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

**B. Deficit Fund Balances**

Fund balances at June 30, 2010 included the following individual fund deficits:

	<u>Deficit</u>
General fund	\$ 1,528,995
<u>Nonmajor governmental funds:</u>	
Management information systems	17
Miscellaneous State grants	4,306
IDEA, part B	163,335
Title I	4,957
Improving teacher quality	2,430

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

**C. Fund Reclassification and Restatement of Fund Balance and Net Assets**

A fund reclassification is required to report funds previously reported as enterprise funds as nonmajor special revenue funds. The fees received by these funds are not designed to cover all costs associated with the operation of the funds. These funds are largely supported by intergovernmental grants and entitlements and should be reported as governmental funds rather than enterprise funds. This fund reclassification had the following effect on the District's governmental fund balances and enterprise fund net assets as previously reported:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>	<u>Enterprise Funds</u>
Fund balance/net assets as previously reported	\$ 1,231,193	\$ 1,597,382	\$ 1,785,223	\$ 4,613,798	\$ 380,743
Fund reclassification:					
Net current assets of nonmajor enterprise funds at June 30, 2009	-	-	143,453	143,453	(143,453)
Capital assets	-	-	-	-	(308,440)
Long-term liabilities	-	-	-	-	71,150
Net fund reclassification	-	-	143,453	143,453	(380,743)
Restated fund balance at July 1, 2009	\$ 1,231,193	\$ 1,597,382	\$ 1,928,676	\$ 4,757,251	\$ -

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

The fund reclassification had the following effect on the governmental activities and business-type activities net assets as previously reported:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net assets at June 30, 2009	\$ 16,456,537	\$ 380,743
Fund reclassification	<u>380,743</u>	<u>(380,743)</u>
Restated net assets at July 1, 2009	<u>\$ 16,837,280</u>	<u>\$ -</u>

**D. Noncompliance**

The District had a negative fund balance on a cash-basis at June 30, 2010 in the general fund in noncompliance with Ohio Revised Code Section 5705.10.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash with Fiscal Agent**

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2010, was \$301,502.

**B. Cash on Hand**

At fiscal year end, the District had \$11,125 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**C. Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all District deposits was \$892,862. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$945,284 of the District's bank balance of \$1,445,284 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

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

**D. Investments**

As of June 30, 2010, the District had an investment in STAR Ohio of \$2,682,928 with a maturity of 6 months or less.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

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

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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



**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**E. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 892,862
Investments	2,682,928
Cash with fiscal agent	301,502
Cash on hand	<u>11,125</u>
Total	<u>\$ 3,888,417</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 3,364,700
Private-purpose trust fund	401,985
Agency fund	<u>121,732</u>
Total	<u>\$ 3,888,417</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2010 as reported on the fund statements, consist of the following individual interfund due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Debt service	General fund	\$ 256,791

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

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

**NOTE 6 - PROPERTY TAXES**

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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

The District receives property taxes from Wood County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$3,071,534 in the general fund, \$419,207 in the debt service fund and \$241,865 in the permanent improvement capital projects fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$2,590,550 in the general fund, \$356,760 in the debt service fund and \$207,936 in the permanent improvement capital projects fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 791,485,210	97.34	\$ 808,644,100	98.80
Public utility personal	9,444,560	1.16	9,812,120	1.20
Tangible personal property	<u>12,157,787</u>	<u>1.50</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 813,087,557</u>	<u>100.00</u>	<u>\$ 818,456,220</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$63.38		\$63.93	

**NOTE 7 - INCOME TAXES**

In 1991, the voters of the District passed a .5% school income tax on wages earned by residents of the District. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and totaled \$4,551,324 on the governmental fund financial statements during fiscal year 2010.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2010 consisted of property taxes, school district income taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

<b>Governmental activities:</b>	
Property taxes	\$ 25,945,864
School district income tax	2,050,530
Payments in lieu of taxes	278,760
Intergovernmental	247,557
Accounts	<u>116,017</u>
Total	<u>\$ 28,638,728</u>

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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 9 - CAPITAL ASSETS**

Capital assets of the governmental activities have been restated at June 30, 2009 to include the capital assets of the business-type activities that have been reclassified into the governmental activities (See Note 3.C. for detail). Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Restated Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2010</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,852,269	\$ 750,000	\$ -	\$ 3,602,269
Construction in progress	-	6,658	-	6,658
Total capital assets, not being depreciated	<u>2,852,269</u>	<u>756,658</u>	<u>-</u>	<u>3,608,927</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	4,669,968	1,646,015	-	6,315,983
Buildings and improvements	64,068,393	467,726	-	64,536,119
Furniture and equipment	7,308,809	355,044	(315,646)	7,348,207
Vehicles	2,804,949	310,652	(128,070)	2,987,531
Total capital assets, being depreciated	<u>78,852,119</u>	<u>2,779,437</u>	<u>(443,716)</u>	<u>81,187,840</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,545,330)	(399,747)	-	(2,945,077)
Buildings and improvements	(23,493,766)	(1,782,019)	-	(25,275,785)
Furniture and equipment	(5,281,990)	(403,432)	306,176	(5,379,246)
Vehicles	(2,083,492)	(157,541)	115,263	(2,125,770)
Total accumulated depreciation	<u>(33,404,578)</u>	<u>(2,742,739)</u>	<u>421,439</u>	<u>(35,725,878)</u>
Depreciable capital assets, net	<u>45,447,541</u>	<u>36,698</u>	<u>(22,277)</u>	<u>45,461,962</u>
Governmental activities capital assets, net	<u>\$ 48,299,810</u>	<u>\$ 793,356</u>	<u>\$ (22,277)</u>	<u>\$ 49,070,889</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,398,251
Special	132,730
Vocational	10,066
<u>Support services:</u>	
Pupil	150,412
Instructional staff	39,742
Board of education	755
Administration	149,411
Fiscal	26,596
Business	8,953
Operations and maintenance	473,940
Pupil transportation	147,922
Central	23,461
Operation of non-instructional services	1,720
Extracurricular activities	102,248
Food service operations	<u>76,532</u>
Total depreciation expense	<u>\$ 2,742,739</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - LONG-TERM OBLIGATIONS**

- A. Long-term obligations of the governmental activities have been restated by \$71,150 at June 30, 2009 to include the long-term obligations of the business-type activities that have reclassified into the governmental activities (See Note 3.C. for detail). The changes in the District's long-term obligations during the year consist of the following:

	Restated Balance Outstanding June 30, 2009	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding June 30, 2010	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
<u>General Obligation Bonds:</u>					
1999A School Improvement Bonds	\$ 100,000	\$ -	\$ (100,000)	\$ -	\$ -
1999B School Improvement Bonds	9,800,000	-	(835,000)	8,965,000	950,000
2004 Advance Refunding Bonds					
Current interest bonds	3,410,000	-	(630,000)	2,780,000	655,000
Capital appreciation bonds	530,000	-	-	530,000	-
Accreted interest	420,725	100,026	-	520,751	-
2006 Advance Refunding Bonds					
Current interest bonds	9,180,000	-	(65,000)	9,115,000	165,000
Capital appreciation bonds	69,995	-	-	69,995	-
Accreted interest	63,450	38,754	-	102,204	-
2007 Advance Refunding Bonds					
Current interest bonds	8,815,000	-	(50,000)	8,765,000	50,000
Capital appreciation bonds	164,993	-	-	164,993	-
Accreted interest	82,142	44,574	-	126,716	-
Total general obligation bonds payable	<u>32,636,305</u>	<u>183,354</u>	<u>(1,680,000)</u>	<u>31,139,659</u>	<u>1,820,000</u>
<u>Other Long-Term Obligations:</u>					
Lease-purchase agreement	110,115	-	(110,115)	-	-
OASBO note payable	-	655,000	(70,000)	585,000	57,000
Early retirement incentive	587,232	-	(175,328)	411,904	144,623
Compensated absences	3,988,689	253,433	(439,138)	3,802,984	502,121
Total other long-term obligations	<u>4,686,036</u>	<u>908,433</u>	<u>(794,581)</u>	<u>4,799,888</u>	<u>703,744</u>
Total long-term obligations governmental activities	<u>\$ 37,322,341</u>	<u>\$ 1,091,787</u>	<u>\$ (2,474,581)</u>	35,939,547	<u>\$ 2,523,744</u>
Unamortized premium on bonds				190,850	
Deferred charges in refunding bonds				<u>(133,141)</u>	
Total on statement of net assets				<u>\$ 35,997,256</u>	

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Series 1999A general obligation bonds: On February 1, 1999, the District issued current interest general obligation bonds for the purpose of constructing, renovating, remodeling, adding to, furnishing, equipping and otherwise improving District buildings and facilities and acquiring, improving and equipping real estate and interests for District purposes. The issue was made up of current interest bonds, bore interest rates ranging from 3.60-4.70% and matured on December 1, 2010. On December 20, 2006, the District issued \$8,570,000 (Series 2006 advance refunding general obligation bonds) to advance refund the callable portion of the bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

Series 1999B general obligation bonds: On April 1, 1999, the District issued general obligation bonds for the purpose of constructing, renovating, remodeling, adding to, furnishing, equipping and otherwise improving District buildings and facilities and acquiring, improving and equipping real estate and interests for District purposes. The issue is made up of serial and term bonds, bears interest rates ranging from 3.20-5.00% and matures on December 1, 2017. On December 20, 2006, the District issued \$8,570,000 (Series 2006 advance refunding general obligation bonds) to advance refund the callable portion of the bonds. On January 24, 2007, the District issued \$8,965,000 (Series 2007 advance refunding general obligation bonds) to advance refund the remaining callable portion of the bonds. The refunded portions of the Series 1999B bonds included portions of the serial bonds and the entire amount of the term bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

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

At June 30, 2010, the refunding issue is comprised of both current interest bonds, par value \$2,780,000, and capital appreciation bonds, par value \$530,000. The interest rate on the current interest bonds ranges from 2.00-4.00%. The capital appreciation bonds mature December 1, 2012 (stated interest 10.389%) and December 1, 2013 (stated interest 10.197%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,405,000. Total accreted interest of \$520,751 has been included in the statement of net assets.

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

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

At June 30, 2010, the refunding issue is comprised of both current interest bonds, par value \$9,115,000, and capital appreciation bonds, par value \$69,995. The interest rate on the current interest bonds ranges from 3.50-4.00%. The capital appreciation bonds mature December 1, 2016 (stated interest 27.204%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$885,000. Total accreted interest of \$102,204 has been included in the statement of net assets.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

At June 30, 2010, the refunding issue is comprised of both current interest bonds, par value \$8,765,000, and capital appreciation bonds, par value \$164,933. The interest rate on the current interest bonds ranges from 3.75-4.25%. The capital appreciation bonds mature December 1, 2015 (stated interest 17.297%) and December 1, 2016 (stated interest 17.297%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$790,000. Total accreted interest of \$126,716 has been included in the statement of net assets.

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

Lease-purchase agreement: In July 2006, the District signed a lease-purchase agreement with a financial institution for the purchase of software and site licenses. The lease-purchase agreement bore an interest rate of 4.67% and was paid in full during fiscal year 2010 from the general fund.

OASBO note payable: On August 13, 2009, the District entered into a note agreement in the amount of \$655,000, with the Ohio Association of School Business Officials' (OASBO) Expanded Asset Pooled Financing Program to finance the cost of installing a new artificial turf and related appurtenance at the high school stadium and renovating, reconstructing and otherwise improving the Commodore building. The annual payments are made from the building fund (a nonmajor governmental fund). At June 30, 2010, the District had outstanding borrowings of \$585,000.

Early retirement incentive: Early retirement incentives will be paid from the general fund (see Note 11.B. for details).

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



**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2010, are as follows:

Fiscal Year Ended	1999B School Improvement Bonds		
	Principal	Interest	Total
2011	\$ 950,000	\$ 446,932	\$ 1,396,932
2012	1,085,000	400,603	1,485,603
2013	1,225,000	340,429	1,565,429
2014	1,385,000	265,391	1,650,391
2015	1,560,000	180,722	1,740,722
2016 - 2018	2,760,000	193,171	2,953,171
Total	<u>\$ 8,965,000</u>	<u>\$ 1,827,248</u>	<u>\$10,792,248</u>

Fiscal Year Ended	2004 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 655,000	\$ 91,723	\$ 746,723	\$ -	\$ -	\$ -
2012	675,000	69,102	744,102	-	-	-
2013	-	57,290	57,290	275,000	425,000	700,000
2014	-	57,290	57,290	255,000	450,000	705,000
2015	710,000	43,445	753,445	-	-	-
2016	740,000	14,800	754,800	-	-	-
Total	<u>\$ 2,780,000</u>	<u>\$ 333,650</u>	<u>\$ 3,113,650</u>	<u>\$ 530,000</u>	<u>\$ 875,000</u>	<u>\$ 1,405,000</u>

Fiscal Year Ended	2006 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 165,000	\$ 359,587	\$ 524,587	\$ -	\$ -	\$ -
2012	170,000	352,994	522,994	-	-	-
2013	170,000	346,406	516,406	-	-	-
2014	170,000	339,925	509,925	-	-	-
2015	175,000	333,456	508,456	-	-	-
2016 - 2020	570,000	1,598,387	2,168,387	69,995	815,005	885,000
2021 - 2025	5,180,000	1,296,000	6,476,000	-	-	-
2026	2,515,000	50,300	2,565,300	-	-	-
Total	<u>\$ 9,115,000</u>	<u>\$ 4,677,055</u>	<u>\$13,792,055</u>	<u>\$ 69,995</u>	<u>\$ 815,005</u>	<u>\$ 885,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Fiscal Year Ended	2007 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 50,000	\$ 366,288	\$ 416,288	\$ -	\$ -	\$ -
2012	50,000	364,287	414,287	-	-	-
2013	50,000	362,287	412,287	-	-	-
2014	50,000	360,288	410,288	-	-	-
2015	60,000	358,087	418,087	-	-	-
2016 - 2020	3,005,000	1,657,894	4,662,894	164,993	625,007	790,000
2021 - 2023	<u>5,500,000</u>	<u>356,087</u>	<u>5,856,087</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,765,000</u>	<u>\$ 3,825,218</u>	<u>\$12,590,218</u>	<u>\$ 164,993</u>	<u>\$ 625,007</u>	<u>\$ 790,000</u>

Fiscal Year Ended	OASBO Note Payable		
	Principal	Interest	Total
2011	\$ 57,000	\$ 18,365	\$ 75,365
2012	59,000	16,451	75,451
2013	61,000	14,471	75,471
2014	62,000	12,441	74,441
2015	65,000	10,346	75,346
2016 - 2019	<u>281,000</u>	<u>18,926</u>	<u>299,926</u>
Total	<u>\$ 585,000</u>	<u>\$ 91,000</u>	<u>\$ 676,000</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$45,030,326 (including available funds of \$1,759,227) and an unvoted debt margin of \$818,457.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Early Retirement Incentive**

During fiscal year 2006, the District offered an early retirement incentive to employees which consist of annual payments of \$5,000 for a period of five years plus reimbursement of health care premium costs not to exceed \$5,000 per year for a period of five years. The liabilities related to the reimbursement of health care premium costs have been recorded at their net present value using a discount rate of 4.00%. As of June 30, 2010, 20 employees are participating in the early retirement incentive. A current liability of \$144,623 has been reported in the general fund. The early retirement incentive liability of \$267,281 is reported on the statement of net assets.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

**B. Workers' Compensation Rating Program**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 12 - RISK MANAGEMENT - (Continued)**

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

Life, medical/surgical, dental, and vision insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of school districts and other entities throughout the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The plan is administered through OME-RESA and provides stop loss protection of claims over \$500,000 per individual per year. The claims liability of \$63,252 as reported in the internal service fund at June 30, 2010, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the 2010 fiscal year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2010	\$ -	\$4,027,079	\$(3,963,827)	\$ 63,252

Comparative information will be provided when it is available.

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.74 percent and .04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$704,844, \$738,000 and \$804,000, respectively; 50.64 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 13 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$2,757,490, \$2,867,000 and \$2,754,000, respectively; 83.25 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$176,483 made by the District and \$126,059 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$104,264, \$219,000 and \$191,000, respectively; 50.64 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$41,916, \$40,000 and \$39,000, respectively; 50.64 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$212,115, \$205,000 and \$197,000, respectively; 83.25 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

<b>Net Change in Fund Balance</b>	<u>General Fund</u>
Budget basis	\$ (2,436,549)
Net adjustment for revenue accruals	280,407
Net adjustment for expenditure accruals	(702,423)
Net adjustment for other sources/uses	(5,243)
Adjustment for encumbrances	<u>103,620</u>
GAAP basis	<u><u>\$ (2,760,188)</u></u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 17 - STATUTORY RESERVES**

The 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.

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside balance as of June 30, 2009	\$ (30,909)	\$ -	\$ 137,211
Current year set-aside requirement	709,868	709,868	-
Current year offsets	-	(1,588,661)	-
Qualifying disbursements	<u>(658,297)</u>	<u>(1,039,980)</u>	<u>-</u>
Total	<u>\$ 20,662</u>	<u>\$ (1,918,773)</u>	<u>\$ 137,211</u>
Balance carried forward to fiscal year 2011	<u>\$ 20,662</u>	<u>\$ -</u>	<u>\$ 137,211</u>

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. The District's qualifying disbursements were not sufficient to reduce the set-aside amount below zero for textbooks/instructional materials.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2010 follows:

Amounts restricted for budget stabilization	\$ 137,211
Amounts restricted for instructional materials	20,662
Amounts restricted for school bus purchases	1,270
Amount to limit restricted assets to available cash	<u>(1,662)</u>
Total restricted assets	<u>\$ 157,481</u>

## **SUPPLEMENTARY DATA**

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Nutrition Grant Cluster:</b>				
(D) (E) School Breakfast Program	10.553	2010	\$ 5,694	\$ 5,694
<b>Total School Breakfast Program</b>			<u>5,694</u>	<u>5,694</u>
(D) (E) National School Lunch Program	10.555	2010	265,910	265,910
(C) (D) National School Lunch Program - Food Donation	10.555	2010	75,348	75,348
<b>Total National School Lunch Program</b>			<u>341,258</u>	<u>341,258</u>
<b>Total U.S. Department of Agriculture and Nutrition Grant Cluster</b>			<u>346,952</u>	<u>346,952</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(H) Title I Grants to Local Educational Agencies	84.010	2009	2,061	10,191
(H) Title I Grants to Local Educational Agencies	84.010	2010	121,594	113,351
<b>Total Title I Grants to Local Educational Agencies</b>			<u>123,655</u>	<u>123,542</u>
<b>Special Education Grant Cluster:</b>				
(F) Special Education Grants to States	84.027	2009	120,576	151,931
(F) Special Education Grants to States	84.027	2010	642,858	634,640
<b>Total Special Education Grants to States</b>			<u>763,434</u>	<u>786,571</u>
(F) ARRA - Special Education Grants to States, Recovery Act	84.391	2010	429,406	357,998
<b>Total Special Education Grant Cluster</b>			<u>1,192,840</u>	<u>1,144,569</u>
Safe and Drug-Free Schools and Communities State Grants	84.186	2010	8,005	7,945
(G) State Grants for Innovative Programs	84.298	2009	(821)	26
Education Technology State Grants	84.318	2009	-	107
Education Technology State Grants	84.318	2010	774	666
<b>Total Education Technology State Grants</b>			<u>774</u>	<u>773</u>
English Language Acquisition Grants	84.365	2010	41,995	41,995
(H) Improving Teacher Quality State Grants	84.367	2009	7,185	7,710
(H) Improving Teacher Quality State Grants	84.367	2010	81,263	77,314
<b>Total Improving Teach Quality State Grants</b>			<u>88,448</u>	<u>85,024</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	540,673	540,673
<b>Total U.S. Department of Education</b>			<u>1,995,569</u>	<u>1,944,547</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,342,521</u>	<u>\$ 2,291,499</u>

- (A) OAKS did not assign pass-through numbers for fiscal year 2010.  
 (B) This schedule was prepared on the cash basis of accounting  
 (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.  
 (D) Included as part of the "Nutrition Grant Cluster" in determining major programs  
 (E) Commingled with state and local revenue from sales of breakfasts and lunches; assumed expenditures were made on a first-in, first-out basis  
 (F) Included as part of the "Special Education Grant Cluster" in determining major programs  
 (G) \$821 was repaid to the Ohio Department of Education based on the expiration of period of availability.  
 (H) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost center: During fiscal year 2010, the ODE authorized the following transfers:

Program Title	CFDA Grant	Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2009	\$ 832	
Title I Grants to Local Educational Agencies	84.010	2010		\$ 832
Improving Teacher Quality State Grants	84.367	2009	2,738	
Improving Teacher Quality State Grants	84.367	2010		2,738
<b>Totals</b>			<u>\$ 3,570</u>	<u>\$ 3,570</u>



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

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

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise Perrysburg Exempted Village School District's basic financial statements and have issued our report thereon dated January 27, 2011. As noted in Note 3.C. to the basic financial statements, fund balances and net assets have been restated at July 1, 2009 due to a fund reclassification. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Board of Education  
Perrysburg Exempted Village School District

Compliance and Other Matters

As part of reasonably assuring whether the Perrysburg Exempted Village School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2010-PEVSD-001 and 2010-PEVSD-002.

Perrysburg Exempted Village School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Perrysburg Exempted Village School District's responses and, accordingly, we express no opinion on them.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
January 27, 2011



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

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

**Report on Compliance With Requirements Applicable to Each  
Major Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

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

To the Board of Education:

Compliance

We have audited the compliance of the Perrysburg Exempted Village School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Perrysburg Exempted Village School District's major federal programs. The Perrysburg Exempted Village School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Perrysburg Exempted Village School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Perrysburg Exempted Village School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Perrysburg Exempted Village School District's compliance with those requirements.

In our opinion, the Perrysburg Exempted Village School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal program for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

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

Board of Education  
Perrysburg Exempted Village School District

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

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

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



Julian & Grube, Inc.  
January 27, 2011

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Nutrition Grant Cluster: School Breakfast Program, CFDA #10.553 and National School Lunch Program, CFDA #10.555; Special Education Grant Cluster: Special Education - Grants to States, CFDA #84.027 and ARRA - Special Education - Grants to States, Recovery Act, CFDA #84.391; ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act, CFDA #84.394
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No



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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

<b>2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
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Finding Number	2010-PEVSD-001
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Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At June 30, 2010, the District had appropriations greater than actual resources, which consist of actual revenues, beginning unencumbered fund balance and prior year carryover encumbrances appropriated in the following fund:

<u>Fund</u>	<u>Total Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General	\$40,523,426	\$41,200,629	\$677,203

By appropriating more funds than actual resources, the District is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the District monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State bulletin 97-010.

*Client Response:* The District will more closely monitor the budget and amend estimated resources and/or appropriations as needed.

Finding Number	2010-PEVSD-002
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Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the fiscal year or at fiscal year end.

The District maintained a negative cash fund balance in the following fund at June 30, 2010:

<u>June 30, 2010</u>	<u>Amount</u>
General Fund	\$ 99,310

By having a negative fund balance, this fund has spent other funds' balances. This could indicate insufficient monitoring of appropriations and related expenditures.

We recommend that the District properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the District should advance or transfer funds with proper Board approval and in accordance with the Ohio Revised Code. We recommend the District utilize its accounting software program to its fullest and continually review relevant reports to assist in preventing negative fund balances.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

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

Finding Number	2010-PEVSD-002 - (Continued)
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*Client Response:* The District will monitor fund balances more closely in future fiscal years and attempt to expend monies only after funds have been received.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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

**STATUS OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2009-1	OMB Circular A-87, Attachment B states that were 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, if they have first-hand knowledge of the information contained in the certification.	Yes	N/A

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# Dave Yost • Auditor of State

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT**

**WOOD COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 31, 2011**