



Dave Yost • Auditor of State



**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Perry Local School District  
Stark County  
4201 13<sup>th</sup> Street SW  
Massillon, Ohio 44646

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Perry Local School District, Stark County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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

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

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

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Perry Local School District, Stark County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3A to the financial statements, during the year ended June 30, 2015, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 25, 2016

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**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

The management's discussion and analysis of the Perry Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position of governmental activities increased \$1,877,078 which represents a 6.77% increase from 2014's restated net position.
- General revenues accounted for \$39,753,610 in revenue or 80.42% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$9,679,930 or 19.58% of total revenues of \$49,433,540.
- The School District had \$47,556,462 in expenses related to governmental activities; \$9,679,930 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The School District has one major fund: the general fund. The general fund had \$43,594,059 in revenues and other financing sources and \$43,704,840 in expenditures. The general fund's fund balance decreased \$110,781 from \$15,130,157 to \$15,019,376.

**Using these 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 School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

**Reporting the School District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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

In the statement of net position and the statement of activities, the governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance of facilities, pupil transportation, extracurricular activities, and food service operations.

The School District's statement of net position and statement of activities can be found on pages 17-18 of this report.

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

***Fund Financial Statements***

The analysis of the School District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

***Governmental Funds***

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

***Reporting the School District's Fiduciary Responsibilities***

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-58 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability. The required supplementary information can be found on pages 59 through 66 of this report.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**The School District as a Whole**

The statement of net position provides the perspective of the School District as a whole.

The table below provides a summary of the School District's net position at June 30, 2015 and June 30, 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

|  | <b>Net Position</b>        |  |
|--|----------------------------|--|
|  | Governmental<br>Activities | Restated<br>Governmental<br>Activities |
|  | <u>2015</u>                | <u>2014</u>                            |
| <b><u>Assets</u></b>                         |                            |  |
| Current and other assets                     | \$ 43,763,314              | \$ 42,936,700                          |
| Capital assets, net                          | <u>32,110,349</u>          | <u>32,107,015</u>                      |
| Total assets                                 | <u>75,873,663</u>          | <u>75,043,715</u>                      |
| <b><u>Deferred Outflows of Resources</u></b> |                            |  |
| Pension                                      | <u>4,541,540</u>           | <u>3,642,805</u>                       |
| Total deferred outflows of resources         | <u>4,541,540</u>           | <u>3,642,805</u>                       |
| <b><u>Liabilities</u></b>                    |                            |  |
| Current liabilities                          | 6,293,817                  | 6,465,265                              |
| Long-term liabilities:                       |                            |  |
| Due within one year                          | 524,513                    | 534,312                                |
| Due in more than one year:                   |                            |  |
| Net pension liability                        | 61,742,219                 | 73,371,198                             |
| Other amounts                                | <u>7,664,818</u>           | <u>8,052,776</u>                       |
| Total liabilities                            | <u>76,225,367</u>          | <u>88,423,551</u>                      |
| <b><u>Deferred Inflows of Resources</u></b>  |                            |  |
| Property taxes levied for next year          | 18,861,274                 | 17,987,468                             |
| Pensions                                     | <u>11,175,983</u>          | <u>-</u>                               |
| Total deferred inflows of resources          | <u>30,037,257</u>          | <u>17,987,468</u>                      |
| <b><u>Net Position</u></b>                   |                            |  |
| Net investment in capital assets             | 27,915,349                 | 27,577,015                             |
| Restricted                                   | 1,234,737                  | 2,121,386                              |
| Unrestricted                                 | <u>(54,997,507)</u>        | <u>(57,422,900)</u>                    |
| Total net position                           | <u>\$ (25,847,421)</u>     | <u>\$ (27,724,499)</u>                 |

During 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$42,003,894 to (\$27,724,499).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the School District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$25,847,421.

Assets of the School District increased \$829,948 or 1.11%. Current and other assets increased primarily due to an increase in property taxes receivable.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

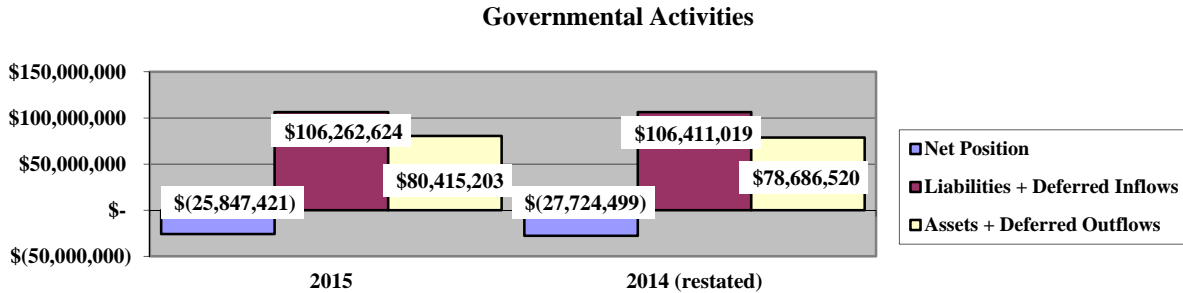
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

At year-end, capital assets represented 39.93% of total assets and deferred outflows of resources. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2015, was \$27,915,349. These capital assets are used to provide services to the students and are not available for future spending. Although the School 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.

Liabilities of the School District decreased \$12,198,184 or 13.80%. Long-term liabilities decreased due to a large decrease in net pension liability.

A portion of the School District's net position, \$1,234,737, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (\$54,997,507).

The graph below shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2015 and June 30, 2014. The amounts at June 30, 2014 have been restated as described in Note 3.A.



The table below shows the change in net position for fiscal years 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

|                                    | <b>Change in Net Position</b>             |   |
|------------------------------------|---|---|
|                                    | Governmental<br>Activities<br><u>2015</u> | Restated<br>Governmental<br>Activities<br><u>2014</u> |
| <b><u>Revenues</u></b>             |   |   |
| Program revenues:                  |   |   |
| Charges for services and sales     | \$ 3,825,569                              | \$ 3,789,886  |
| Operating grants and contributions | 5,854,361                                 | 3,525,148   |
| General revenues:                  |   |   |
| Property taxes                     | 19,437,259                                | 18,859,672  |
| Grants and entitlements            | 19,804,703                                | 20,229,221  |
| Investment earnings                | 196,833                                   | 78,507  |
| Other                              | <u>314,815</u>                            | <u>287,261</u>  |
| Total revenues                     | <u>49,433,540</u>                         | <u>46,769,695</u>                                     |

(Continued)

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

|  | <b>Change in Net Position (Continued)</b> |                        |
|--|---|------------------------|
|  | Governmental                              | Restated               |
|  | Activities                                | Governmental           |
|  | <u>2015</u>                               | <u>2014</u>            |
| <b><u>Expenses</u></b>                       |   |                        |
| Program expenses:                            |   |                        |
| Instruction:                                 |   |                        |
| Regular                                      | \$ 20,780,628                             | \$ 20,940,669          |
| Special                                      | 5,350,895                                 | 5,477,683              |
| Vocational                                   | 1,810,902                                 | 1,848,237              |
| Adult/continuing                             | 8,125                                     | 8,784                  |
| Other  | 151,655                                   | 181,646                |
| Support services:                            |   |                        |
| Pupil  | 3,175,746                                 | 2,766,829              |
| Instructional staff                          | 953,708                                   | 845,658                |
| Board of education                           | 142,158                                   | 145,185                |
| Administration                               | 3,310,118                                 | 3,250,553              |
| Fiscal                                       | 757,900                                   | 767,054                |
| Business                                     | 205,090                                   | 191,104                |
| Operations and maintenance                   | 3,431,515                                 | 4,050,443              |
| Pupil transportation                         | 2,354,601                                 | 2,406,632              |
| Central                                      | 1,227,198                                 | 1,059,612              |
| Operations of non-instructional services:    |   |                        |
| Other non-instructional services             | 314,325                                   | 378,613                |
| Food service operations                      | 1,963,966                                 | 1,785,166              |
| Extracurricular activities                   | 1,303,751                                 | 1,293,692              |
| Interest and fiscal charges                  | <u>314,181</u>                            | <u>294,680</u>         |
| Total expenses                               | <u>47,556,462</u>                         | <u>47,692,240</u>      |
| Change in net position                       | 1,877,078                                 | (922,545)              |
| Net position at beginning of year (restated) | <u>(27,724,499)</u>                       | <u>N/A</u>             |
| Net position at end of year                  | <u>\$ (25,847,421)</u>                    | <u>\$ (27,724,499)</u> |

**Governmental Activities**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$3,642,805 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$2,607,529.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

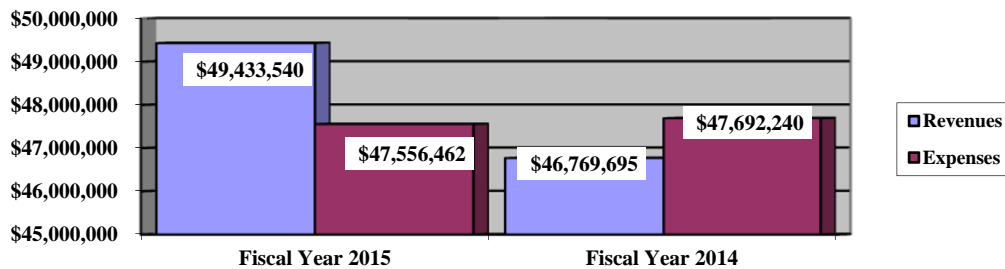
|   |                     |
|---|---------------------|
| Total 2015 program expenses under GASB 68           | \$ 47,556,462       |
| Pension expense under GASB 68                       | (2,607,529)         |
| 2015 contractually required contributions           | <u>3,959,260</u>    |
| Adjusted 2015 program expenses                      | 48,908,193          |
| Total 2014 program expenses under GASB 27           | <u>47,692,240</u>   |
| Increase in program expenses not related to pension | <u>\$ 1,215,953</u> |

Net position of the School District's governmental activities increased \$1,877,078. Total governmental expenses of \$47,556,462 were offset by program revenues of \$9,679,930 and general revenues of \$39,753,610. Program revenues supported 20.35% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State and property taxes. These revenue sources account for 79.38% of total governmental revenue. The most significant increases were in the areas of operating grants and contributions which increased due to increased funding through the State foundation. Property taxes increased due to increased collections throughout the School District.

The graph below presents the School District's governmental activities revenue and expenses for fiscal years 2015 and 2014.

**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. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

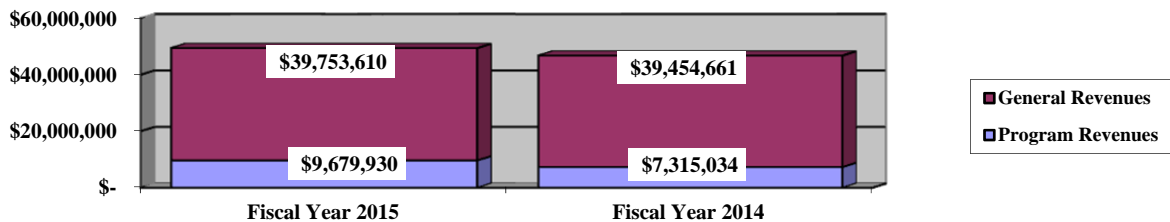
**Governmental Activities**

|   | Total Cost of<br>Services<br><u>2015</u> | Net Cost of<br>Services<br><u>2015</u> | Total Cost of<br>Services<br><u>2014</u> | Net Cost of<br>Services<br><u>2014</u> |
|---|--|--|--|--|
| <b>Program expenses</b>                   |  |  |  |  |
| Instruction:                              |  |  |  |  |
| Regular                                   | \$ 20,780,628                            | \$ 18,490,436                          | \$ 20,940,669                            | \$ 18,635,437                          |
| Special                                   | 5,350,895                                | 1,688,335                              | 5,477,683                                | 3,412,190                              |
| Vocational                                | 1,810,902                                | 1,403,654                              | 1,848,237                                | 1,839,651                              |
| Adult/continuing                          | 8,125                                    | (3,479)                                | 8,784                                    | 8,784                                  |
| Other                                     | 151,655                                  | 151,655                                | 181,646                                  | 181,646                                |
| Support services:                         |  |  |  |  |
| Pupil                                     | 3,175,746                                | 2,970,916                              | 2,766,829                                | 2,504,104                              |
| Instructional staff                       | 953,708                                  | 914,277                                | 845,658                                  | 793,323                                |
| Board of education                        | 142,158                                  | 142,158                                | 145,185                                  | 145,185                                |
| Administration                            | 3,310,118                                | 3,280,392                              | 3,250,553                                | 3,215,839                              |
| Fiscal                                    | 757,900                                  | 757,900                                | 767,054                                  | 767,054                                |
| Business                                  | 205,090                                  | 205,090                                | 191,104                                  | 191,104                                |
| Operations and maintenance                | 3,431,515                                | 3,370,608                              | 4,050,443                                | 4,003,716                              |
| Pupil transportation                      | 2,354,601                                | 2,242,696                              | 2,406,632                                | 2,118,186                              |
| Central                                   | 1,227,198                                | 1,226,777                              | 1,059,612                                | 1,059,612                              |
| Operations of non-instructional services: |  |  |  |  |
| Other non-instructional services          | 314,325                                  | 44,194                                 | 378,613                                  | 378,613                                |
| Food service operations                   | 1,963,966                                | (6,923)                                | 1,785,166                                | (250,314)                              |
| Extracurricular activities                | 1,303,751                                | 942,735                                | 1,293,692                                | 1,078,396                              |
| Interest and fiscal charges               | 314,181                                  | 55,111                                 | 294,680                                  | 294,680                                |
| <b>Total</b>                              | <b><u>\$ 47,556,462</u></b>              | <b><u>\$ 37,876,532</u></b>            | <b><u>\$ 47,692,240</u></b>              | <b><u>\$ 40,377,206</u></b>            |

The dependence upon tax and other general revenues for governmental activities is apparent as 77.33% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.65%. The School District's taxpayers and unrestricted grants and entitlements are the primary support for School District's students.

The graph below presents the School District's governmental activities revenue for fiscal years 2015 and 2014.

**Governmental Activities - General and Program Revenues**





**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**The School District's Funds**

The School District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$17,200,053, which is lower than last year's total of \$17,388,957. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

|                    | Fund Balance<br><u>June 30, 2015</u> | Fund Balance<br><u>June 30, 2014</u> | <u>Change</u>       | Percentage<br><u>Change</u> |
|--------------------|--------------------------------------|--------------------------------------|---------------------|-----------------------------|
| General            | \$ 15,019,376                        | \$ 15,130,157                        | \$ (110,781)        | (0.73) %                    |
| Other Governmental | <u>2,180,677</u>                     | <u>2,258,800</u>                     | <u>(78,123)</u>     | (3.46) %                    |
| Total              | <u>\$ 17,200,053</u>                 | <u>\$ 17,388,957</u>                 | <u>\$ (188,904)</u> | (1.09) %                    |

**General Fund**

During fiscal year 2015, the School District's general fund balance decreased \$110,781.

The table that follows assists in illustrating the financial activities of the general fund.

|  | 2015<br><u>Amount</u> | 2014<br><u>Amount</u> | <u>Change</u>       | Percentage<br><u>Change</u> |
|--|-----------------------|-----------------------|---------------------|-----------------------------|
| <b><u>Revenues and</u></b>                 |                       |                       |                     |                             |
| <b><u>Other financing sources</u></b>      |                       |                       |                     |                             |
| Taxes                                      | \$ 18,659,031         | \$ 18,030,309         | \$ 628,722          | 3.49 %                      |
| Tuition                                    | 2,353,597             | 2,485,937             | (132,340)           | (5.32) %                    |
| Earnings on investments                    | 188,025               | 78,338                | 109,687             | 140.02 %                    |
| Intergovernmental                          | 21,705,381            | 20,064,523            | 1,640,858           | 8.18 %                      |
| Other revenues                             | 683,999               | 519,833               | 164,166             | 31.58 %                     |
| Proceeds from sale of capital assets       | <u>4,026</u>          | <u>-</u>              | <u>4,026</u>        | 100.00 %                    |
| Total                                      | <u>\$ 43,594,059</u>  | <u>\$ 41,178,940</u>  | <u>\$ 2,415,119</u> | 5.86 %                      |
| <b><u>Expenditures</u></b>                 |                       |                       |                     |                             |
| Instruction                                | \$ 26,387,700         | \$ 25,895,678         | \$ 492,022          | 1.90 %                      |
| Support services                           | 15,188,394            | 14,604,373            | 584,021             | 4.00 %                      |
| Non-instructional services                 | 203,271               | 199,205               | 4,066               | 2.04 %                      |
| Extracurricular activities                 | 1,041,055             | 1,050,415             | (9,360)             | (0.89) %                    |
| Facilities acquisition<br>and construction | 259,317               | 309,317               | (50,000)            | (16.16) %                   |
| Debt service                               | <u>625,103</u>        | <u>625,803</u>        | <u>(700)</u>        | (0.11) %                    |
| Total                                      | <u>\$ 43,704,840</u>  | <u>\$ 42,684,791</u>  | <u>\$ 1,020,049</u> | 2.39 %                      |

Overall revenues and other financing sources of the general fund increased \$2,415,119 or 5.86%. The most significant increase was in the area of intergovernmental revenue. Intergovernmental revenues increased due to increases in State foundation funding

Expenditures increased \$1,020,049 or 2.39%. Instructional and support services increased \$492,022 and \$584,021, respectively, due to increase in raises received by employees and increase in benefits costs.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2015, the School District amended its general fund revenues budget several times. For the general fund, original revenues and other financing sources of \$42,343,248 were increased to \$42,423,248 in the final budgeted revenues. Actual revenue and other financing sources of \$43,199,458 were \$776,210 more than the final budgeted amounts.

General fund actual expenditures plus other financing uses of \$44,009,740 were \$700,381 lower than final appropriations (appropriated expenditures plus other financing uses) of \$44,710,121. Original appropriations were \$44,315,650.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2015, the School District had \$32,110,349 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The table that follows shows June 30, 2015 balances compared to June 30, 2014. Certain amounts have been reclassified between classes at June 30, 2014.

**Capital Assets at June 30  
(Net of Depreciation)**

|                            | Governmental Activities |                  |
|----------------------------|-------------------------|------------------|
|                            | 2015                    | Restated<br>2014 |
| Land                       | \$ 1,366,878            | \$ 1,366,878     |
| Construction in progress   | -                       | 191,823          |
| Land improvements          | 1,793,441               | 1,208,305        |
| Buildings and improvements | 26,113,363              | 26,659,329       |
| Furniture and equipment    | 1,683,753               | 1,525,647        |
| Vehicles                   | 1,152,914               | 1,155,033        |
| Total                      | \$ 32,110,349           | \$ 32,107,015    |

The overall increase of \$3,334 is the result of additions of \$1,164,878 exceeding depreciation expense of \$1,155,312 and disposals (net of accumulated depreciation) of \$6,232.

See Note 7 to the basic financial statements for detail on the School District's capital assets.

***Debt Administration***

At June 30, 2015 the School District had \$4,195,000 in bonds outstanding. Of this total, \$345,000 is due within one year and \$3,850,000 is due in more than one year.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

The table below summarizes the bonds outstanding.

**Outstanding Debt, at Year End**

|   | Governmental<br>Activities<br><u>2015</u> | Governmental<br>Activities<br><u>2014</u> |
|---|---|---|
| 2011 HB 264 Qualified School Construction Bonds | \$ 4,195,000                              | \$ 4,530,000                              |

At June 30, 2015, the School District's overall legal debt margin was \$46,435,198 with an unvoted debt margin of \$562,558.

See Note 12 to the basic financial statements for detail on the School District's debt administration.

**Current Issues**

The School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the School District was in November, 2013; a renewal of an emergency levy. This renewal levy will generate sufficient revenues for a period of 5 years to sustain school operations but the School District has been deficit spending during the past three fiscal years and anticipates an additional tax request in the next 5 year period.

Real estate and personal property tax collections have shown little increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 39 percent of revenues for governmental activities for the School District during fiscal year 2015.

The School District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the last levy has stretched for the years it was planned. This has been made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

Total unrestricted State revenues collected during fiscal year 2015 were \$16,626,111. This was an increase of \$1,681,723 from fiscal year 2014. The State biennial budget addressed the funding formula for Ohio school districts. Revenues are anticipated to increase to \$17,826,000 in fiscal year 2016.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

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

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Jeff Bartholomew, Treasurer of Perry Local School District, 4201 13<sup>th</sup> St. S.W., Massillon, OH 44646 or [jeff.bartholomew@perrylocal.org](mailto:jeff.bartholomew@perrylocal.org).

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2015

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>Assets:</b>   |                                    |
| Equity in pooled cash and investments . . . . .          | \$ 22,890,835                      |
| Receivables:   |                                    |
| Property taxes . . . . .                                 | 20,040,835                         |
| Accounts . . . . .                                       | 740                                |
| Accrued interest . . . . .                               | 24,334                             |
| Intergovernmental . . . . .                              | 654,436                            |
| Prepayments . . . . .                                    | 29,331                             |
| Materials and supplies inventory . . . . .               | 103,566                            |
| Inventory held for resale . . . . .                      | 19,237                             |
| Capital assets:  |                                    |
| Nondepreciable capital assets . . . . .                  | 1,366,878                          |
| Depreciable capital assets, net . . . . .                | 30,743,471                         |
| Capital assets, net . . . . .                            | 32,110,349                         |
| Total assets . . . . .                                   | 75,873,663                         |
| <br><b>Deferred outflows of resources:</b>               |                                    |
| Pension - STRS . . . . .                                 | 3,602,295                          |
| Pension - SERS . . . . .                                 | 939,245                            |
| Total deferred outflows of resources . . . . .           | 4,541,540                          |
| <br><b>Liabilities:</b>                                  |                                    |
| Accounts payable . . . . .                               | 193,428                            |
| Contracts payable . . . . .                              | 173,966                            |
| Accrued wages and benefits payable . . . . .             | 4,538,692                          |
| Compensated absences payable . . . . .                   | 212,811                            |
| Retirement incentive payable . . . . .                   | 151,714                            |
| Intergovernmental payable . . . . .                      | 195,303                            |
| Pension and postemployment benefits payable . . . . .    | 800,047                            |
| Accrued interest payable . . . . .                       | 24,078                             |
| Unearned revenue . . . . .                               | 3,778                              |
| Long-term liabilities:                                   |                                    |
| Due within one year . . . . .                            | 524,513                            |
| Due in more than one year:                               |                                    |
| Net pension liability . . . . .                          | 61,742,219                         |
| Other amounts due in more than one year . . . . .        | 7,664,818                          |
| Total liabilities . . . . .                              | 76,225,367                         |
| <br><b>Deferred inflows of resources:</b>                |                                    |
| Property taxes levied for the next fiscal year . . . . . | 18,861,274                         |
| Pension - STRS . . . . .                                 | 9,413,165                          |
| Pension - SERS . . . . .                                 | 1,762,818                          |
| Total deferred inflows of resources . . . . .            | 30,037,257                         |
| <br><b>Net position:</b>                                 |                                    |
| Net investment in capital assets . . . . .               | 27,915,349                         |
| Restricted for:  |                                    |
| Capital projects . . . . .                               | 39,473                             |
| Locally funded programs . . . . .                        | 1,681                              |
| Federally funded programs . . . . .                      | 26,403                             |
| Student activities . . . . .                             | 348,399                            |
| Other purposes . . . . .                                 | 818,781                            |
| Unrestricted (deficit) . . . . .                         | (54,997,507)                       |
| Total net position . . . . .                             | \$ (25,847,421)                    |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | Expenses             | Program Revenues               |                                    | Net (Expense)   |
|---|----------------------|--------------------------------|------------------------------------|---|
|   |                      | Charges for Services and Sales | Operating Grants and Contributions | Revenue and Changes in Net Position Governmental Activities |
| <b>Governmental activities:</b>                                       |                      |                                |                                    |   |
| Instruction:  |                      |                                |                                    |   |
| Regular . . . . .   | \$ 20,780,628        | \$ 1,964,426                   | \$ 325,766                         | \$ (18,490,436)   |
| Special . . . . .   | 5,350,895            | 452,453                        | 3,210,107                          | (1,688,335)   |
| Vocational . . . . .  | 1,810,902            | 18,651                         | 388,597                            | (1,403,654)   |
| Adult/continuing . . . . .  | 8,125                | 11,604                         | -                                  | 3,479   |
| Other . . . . .   | 151,655              | -                              | -                                  | (151,655)   |
| Support services:   |                      |                                |                                    |   |
| Pupil . . . . .   | 3,175,746            | 17,347                         | 187,483                            | (2,970,916)   |
| Instructional staff . . . . .   | 953,708              | 5,389                          | 34,042                             | (914,277)   |
| Board of education . . . . .  | 142,158              | -                              | -                                  | (142,158)   |
| Administration . . . . .  | 3,310,118            | -                              | 29,726                             | (3,280,392)   |
| Fiscal . . . . .  | 757,900              | -                              | -                                  | (757,900)   |
| Business . . . . .  | 205,090              | -                              | -                                  | (205,090)   |
| Operations and maintenance . . . . .                                  | 3,431,515            | 4,907                          | 56,000                             | (3,370,608)   |
| Pupil transportation . . . . .  | 2,354,601            | 20,746                         | 91,159                             | (2,242,696)   |
| Central . . . . .   | 1,227,198            | 421                            | -                                  | (1,226,777)   |
| Operation of non-instructional services:                              |                      |                                |                                    |   |
| Other non-instructional services . . . . .                            | 314,325              | 185,035                        | 85,096                             | (44,194)  |
| Food service operations . . . . .                                     | 1,963,966            | 816,807                        | 1,154,082                          | 6,923   |
| Extracurricular activities . . . . .                                  | 1,303,751            | 327,783                        | 33,233                             | (942,735)   |
| Interest and fiscal charges . . . . .                                 | 314,181              | -                              | 259,070                            | (55,111)  |
| <b>Total governmental activities . . . . .</b>                        | <b>\$ 47,556,462</b> | <b>\$ 3,825,569</b>            | <b>\$ 5,854,361</b>                | <b>(37,876,532)</b>   |
| <b>General revenues:</b>  |                      |                                |                                    |   |
| Property taxes levied for:  |                      |                                |                                    |   |
| General purposes . . . . .  |                      |                                |                                    | 18,682,955  |
| Capital outlay . . . . .  |                      |                                |                                    | 754,304   |
| Grants and entitlements not restricted to specific programs . . . . . |                      |                                |                                    | 19,804,703  |
| Investment earnings . . . . .   |                      |                                |                                    | 196,833   |
| Miscellaneous . . . . .   |                      |                                |                                    | 314,815   |
| <b>Total general revenues . . . . .</b>                               |                      |                                |                                    | <b>39,753,610</b>   |
| Change in net position . . . . .                                      |                      |                                |                                    | 1,877,078   |
| <b>Net position at beginning of year (restated)</b>                   |                      |                                |                                    | <b>(27,724,499)</b>   |
| <b>Net position at end of year . . . . .</b>                          |                      |                                |                                    | <b>\$ (25,847,421)</b>                                      |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

|   | <u>General</u>       | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------------|--|---|
| <b>Assets:</b>  |                      |  |   |
| Equity in pooled cash and investments. . . . .                  | \$ 20,203,124        | \$ 2,687,711                               | \$ 22,890,835                           |
| Receivables:  |                      |  |   |
| Property taxes. . . . .   | 19,261,425           | 779,410                                    | 20,040,835                              |
| Accounts . . . . .  | -                    | 740  | 740                                     |
| Accrued interest . . . . .                                      | 24,334               | -  | 24,334                                  |
| Intergovernmental. . . . .                                      | 416,691              | 237,745                                    | 654,436                                 |
| Prepayments. . . . .  | 29,331               | -  | 29,331                                  |
| Materials and supplies inventory. . . . .                       | 86,666               | 16,900                                     | 103,566                                 |
| Inventory held for resale. . . . .                              | -                    | 19,237                                     | 19,237                                  |
| Total assets . . . . .  | <u>\$ 40,021,571</u> | <u>\$ 3,741,743</u>                        | <u>\$ 43,763,314</u>                    |
| <b>Liabilities:</b>   |                      |  |   |
| Accounts payable . . . . .                                      | \$ 85,182            | \$ 108,246                                 | \$ 193,428                              |
| Contracts payable. . . . .                                      | -                    | 173,966                                    | 173,966                                 |
| Accrued wages and benefits payable . . . . .                    | 4,154,718            | 383,974                                    | 4,538,692                               |
| Matured compensated absences payable. . . . .                   | 187,306              | 25,505                                     | 212,811                                 |
| Retirement incentive payable . . . . .                          | 151,714              | -  | 151,714                                 |
| Intergovernmental payable . . . . .                             | 181,037              | 14,266                                     | 195,303                                 |
| Pension and postemployment benefits payable . . . . .           | 721,098              | 78,949                                     | 800,047                                 |
| Unearned revenue. . . . .                                       | -                    | 3,778                                      | 3,778                                   |
| Total liabilities. . . . .                                      | <u>5,481,055</u>     | <u>788,684</u>                             | <u>6,269,739</u>                        |
| <b>Deferred inflows of resources:</b>                           |                      |  |   |
| Property taxes levied for the next fiscal year. . . . .         | 18,128,365           | 732,909                                    | 18,861,274                              |
| Delinquent property tax revenue not available. . . . .          | 972,160              | 39,473                                     | 1,011,633                               |
| Intergovernmental revenue not available. . . . .                | 278,893              | -  | 278,893                                 |
| Accrued interest not available. . . . .                         | 8,808                | -  | 8,808                                   |
| Miscellaneous revenue not available. . . . .                    | 132,914              | -  | 132,914                                 |
| Total deferred inflows of resources . . . . .                   | <u>19,521,140</u>    | <u>772,382</u>                             | <u>20,293,522</u>                       |
| <b>Fund balances:</b>   |                      |  |   |
| Nonspendable:   |                      |  |   |
| Materials and supplies inventory. . . . .                       | 86,666               | 16,900                                     | 103,566                                 |
| Prepays. . . . .  | 29,331               | -  | 29,331                                  |
| Restricted:   |                      |  |   |
| Food service operations . . . . .                               | -                    | 906,436                                    | 906,436                                 |
| Non-public schools . . . . .                                    | -                    | 52,482                                     | 52,482                                  |
| Targeted academic assistance . . . . .                          | -                    | 26,403                                     | 26,403                                  |
| Other purposes. . . . .   | -                    | 8,700                                      | 8,700                                   |
| Extracurricular activities . . . . .                            | -                    | 348,399                                    | 348,399                                 |
| Committed:  |                      |  |   |
| Capital improvements . . . . .                                  | -                    | 818,052                                    | 818,052                                 |
| Other purposes. . . . .   | -                    | 8,486                                      | 8,486                                   |
| Assigned:   |                      |  |   |
| Student instruction . . . . .                                   | 9,794                | -  | 9,794                                   |
| Student and staff support. . . . .                              | 101,487              | -  | 101,487                                 |
| Facilities acquisition and construction . . . . .               | 8,920                | -  | 8,920                                   |
| Subsequent year's appropriations . . . . .                      | 1,613,278            | -  | 1,613,278                               |
| Extracurricular activities . . . . .                            | 4,053                | -  | 4,053                                   |
| Other purposes. . . . .   | 185,197              | -  | 185,197                                 |
| Unassigned (deficit). . . . .                                   | 12,980,650           | (5,181)                                    | 12,975,469                              |
| Total fund balances . . . . .                                   | <u>15,019,376</u>    | <u>2,180,677</u>                           | <u>17,200,053</u>                       |
| Total liabilities, deferred inflows and fund balances . . . . . | <u>\$ 40,021,571</u> | <u>\$ 3,741,743</u>                        | <u>\$ 43,763,314</u>                    |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2015

|   |    |              |                     |
|---|----|--------------|---------------------|
| <b>Total governmental fund balances</b>   |    | \$           | 17,200,053          |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i>   |    |              |                     |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.   |    |              | 32,110,349          |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.  |    |              |                     |
| Property taxes receivable   | \$ | 1,011,633    |                     |
| Accrued interest receivable   |    | 8,808        |                     |
| Intergovernmental receivable  |    | 411,807      |                     |
| Total   |    | 411,807      | 1,432,248           |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.   |    |              | (24,078)            |
| The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not report in governmental funds: |    |              |                     |
| Deferred outflows of resources - pension  |    | 4,541,540    |                     |
| Deferred inflows of resources - pension   |    | (11,175,983) |                     |
| Net pension liability   |    | (61,742,219) |                     |
| Total   |    | (61,742,219) | (68,376,662)        |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.                                    |    |              |                     |
| Energy conservation bonds   |    | (4,195,000)  |                     |
| Compensated absences  |    | (3,994,331)  |                     |
| Total   |    | (8,189,331)  | (8,189,331)         |
| <b>Net position of governmental activities</b>  |    | <b>\$</b>    | <b>(25,847,421)</b> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | <b>General</b>       | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|----------------------|--|---|
| <b>Revenues:</b>                                    |                      |  |   |
| From local sources:                                 |                      |  |   |
| Property taxes . . . . .                            | \$ 18,659,031        | \$ 753,237                                 | \$ 19,412,268                           |
| Tuition . . . . .                                   | 2,353,597            | -  | 2,353,597                               |
| Transportation fees . . . . .                       | 15,212               | -  | 15,212                                  |
| Earnings on investments . . . . .                   | 188,025              | 6,637                                      | 194,662                                 |
| Charges for services . . . . .                      | -                    | 816,807                                    | 816,807                                 |
| Extracurricular . . . . .                           | 236,936              | 311,205                                    | 548,141                                 |
| Classroom materials and fees . . . . .              | 45,867               | -  | 45,867                                  |
| Rental income . . . . .                             | 10,303               | -  | 10,303                                  |
| Contributions and donations . . . . .               | 84,668               | 1,680                                      | 86,348                                  |
| Contract services . . . . .                         | 11,096               | -  | 11,096                                  |
| Other local revenues . . . . .                      | 279,917              | 5,500                                      | 285,417                                 |
| Intergovernmental - intermediate . . . . .          | 1,675                | 1,150                                      | 2,825                                   |
| Intergovernmental - state . . . . .                 | 21,197,225           | 694,458                                    | 21,891,683                              |
| Intergovernmental - federal . . . . .               | 506,481              | 2,915,595                                  | 3,422,076                               |
| Total revenues . . . . .                            | <u>43,590,033</u>    | <u>5,506,269</u>                           | <u>49,096,302</u>                       |
| <b>Expenditures:</b>                                |                      |  |   |
| Current:  |                      |  |   |
| Instruction:  |                      |  |   |
| Regular . . . . .                                   | 20,614,019           | 649,342                                    | 21,263,361                              |
| Special . . . . .                                   | 3,787,371            | 1,651,608                                  | 5,438,979                               |
| Vocational . . . . .                                | 1,815,287            | -  | 1,815,287                               |
| Adult/continuing . . . . .                          | 7,992                | -  | 7,992                                   |
| Other . . . . .                                     | 163,031              | -  | 163,031                                 |
| Support services:                                   |                      |  |   |
| Pupil . . . . .                                     | 2,936,802            | 213,949                                    | 3,150,751                               |
| Instructional staff . . . . .                       | 920,972              | 38,457                                     | 959,429                                 |
| Board of education . . . . .                        | 140,103              | -  | 140,103                                 |
| Administration . . . . .                            | 3,371,655            | 29,902                                     | 3,401,557                               |
| Fiscal . . . . .                                    | 733,756              | 13,987                                     | 747,743                                 |
| Business . . . . .                                  | 202,797              | -  | 202,797                                 |
| Operations and maintenance . . . . .                | 3,517,101            | 56,000                                     | 3,573,101                               |
| Pupil transportation . . . . .                      | 2,137,327            | 226,906                                    | 2,364,233                               |
| Central . . . . .                                   | 1,227,881            | -  | 1,227,881                               |
| Operation of non-instructional services:            |                      |  |   |
| Other non-instructional services . . . . .          | 203,271              | 100,352                                    | 303,623                                 |
| Food service operations . . . . .                   | -                    | 1,940,513                                  | 1,940,513                               |
| Extracurricular activities . . . . .                | 1,041,055            | 246,945                                    | 1,288,000                               |
| Facilities acquisition and construction . . . . .   | 259,317              | 416,431                                    | 675,748                                 |
| Debt service:                                       |                      |  |   |
| Principal retirement . . . . .                      | 335,000              | -  | 335,000                                 |
| Interest and fiscal charges . . . . .               | 290,103              | -  | 290,103                                 |
| Total expenditures . . . . .                        | <u>43,704,840</u>    | <u>5,584,392</u>                           | <u>49,289,232</u>                       |
| Excess expenditures over<br>revenues . . . . .      | <u>(114,807)</u>     | <u>(78,123)</u>                            | <u>(192,930)</u>                        |
| <b>Other financing sources:</b>                     |                      |  |   |
| Proceeds from sale of capital assets . . . . .      | 4,026                | -  | 4,026                                   |
| Total other financing sources . . . . .             | <u>4,026</u>         | <u>-</u>                                   | <u>4,026</u>                            |
| Net change in fund balances . . . . .               | (110,781)            | (78,123)                                   | (188,904)                               |
| <b>Fund balances at beginning of year . . . . .</b> | <u>15,130,157</u>    | <u>2,258,800</u>                           | <u>17,388,957</u>                       |
| <b>Fund balances at end of year . . . . .</b>       | <u>\$ 15,019,376</u> | <u>\$ 2,180,677</u>                        | <u>\$ 17,200,053</u>                    |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT  
STARK 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, 2015

|  |                    |                         |
|--|--------------------|-------------------------|
| <b>Net change in fund balances - total governmental funds</b>  | \$                 | (188,904)               |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i>  |                    |                         |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.             |                    |                         |
| Capital asset additions  | \$ 1,164,878       |                         |
| Current year depreciation  | <u>(1,155,312)</u> |                         |
| Total  |                    | 9,566                   |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.  |                    |                         |
|  |                    | (6,232)                 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   |                    |                         |
| Property taxes   | 24,991             |                         |
| Tuition  | 24,546             |                         |
| Earnings on investments  | 8,808              |                         |
| Intergovernmental  | <u>278,893</u>     |                         |
| Total  |                    | 337,238                 |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.   |                    |                         |
|  |                    | 335,000                 |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.   |                    |                         |
|  |                    | (24,078)                |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.                                      |                    |                         |
|  |                    | 3,959,260               |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.   |                    |                         |
|  |                    | (2,607,529)             |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. |                    |                         |
|  |                    | <u>62,757</u>           |
| <b>Change in net position of governmental activities</b>   | <b>\$</b>          | <b><u>1,877,078</u></b> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT  
STARK 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, 2015

|   | <u>Budgeted Amounts</u> |                      | <u>Actual</u>        | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|----------------------|----------------------|---|
|   | <u>Original</u>         | <u>Final</u>         |                      | <u>Actual</u>   |
| <b>Revenues:</b>                                      |                         |                      |                      |   |
| From local sources:                                   |                         |                      |                      |   |
| Property taxes . . . . .                              | \$ 18,177,712           | \$ 18,177,712        | \$ 18,631,971        | \$ 454,259  |
| Tuition . . . . .                                     | 2,349,577               | 2,349,577            | 2,353,597            | 4,020   |
| Transportation fees . . . . .                         | 8,000                   | 8,000                | 15,212               | 7,212   |
| Earnings on investments . . . . .                     | 107,500                 | 107,500              | 143,392              | 35,892  |
| Classroom materials and fees . . . . .                | 5,400                   | 5,400                | 4,430                | (970)   |
| Rental income . . . . .                               | 5,000                   | 5,000                | 7,207                | 2,207   |
| Contributions and donations . . . . .                 | 9,000                   | 9,000                | -                    | (9,000)   |
| Contract services . . . . .                           | -                       | -                    | 3,302                | 3,302   |
| Other local revenues . . . . .                        | 127,600                 | 207,600              | 249,718              | 42,118  |
| Intergovernmental - state . . . . .                   | 21,092,609              | 21,092,609           | 21,280,122           | 187,513   |
| Intergovernmental - federal . . . . .                 | 459,350                 | 459,350              | 506,481              | 47,131  |
| <b>Total revenues . . . . .</b>                       | <u>42,341,748</u>       | <u>42,421,748</u>    | <u>43,195,432</u>    | <u>773,684</u>  |
| <b>Expenditures:</b>                                  |                         |                      |                      |   |
| Current:  |                         |                      |                      |   |
| Instruction:  |                         |                      |                      |   |
| Regular . . . . .                                     | 20,792,517              | 20,954,067           | 20,441,287           | 512,780   |
| Special . . . . .                                     | 3,927,285               | 3,975,421            | 3,847,644            | 127,777   |
| Vocational . . . . .                                  | 1,853,568               | 1,862,454            | 1,793,783            | 68,671  |
| Other . . . . .                                       | 221,135                 | 222,195              | 172,929              | 49,266  |
| Support services:                                     |                         |                      |                      |   |
| Pupil . . . . .                                       | 2,789,824               | 2,816,756            | 2,976,546            | (159,790)   |
| Instructional staff . . . . .                         | 882,986                 | 892,826              | 911,535              | (18,709)  |
| Board of education . . . . .                          | 166,591                 | 171,415              | 150,198              | 21,217  |
| Administration . . . . .                              | 3,224,595               | 3,246,254            | 3,322,791            | (76,537)  |
| Fiscal . . . . .                                      | 769,116                 | 772,903              | 729,754              | 43,149  |
| Business . . . . .                                    | 202,614                 | 203,585              | 196,072              | 7,513   |
| Operations and maintenance . . . . .                  | 3,633,184               | 3,661,461            | 3,600,196            | 61,265  |
| Pupil transportation . . . . .                        | 2,220,639               | 2,231,285            | 2,205,760            | 25,525  |
| Central . . . . .                                     | 1,213,509               | 1,229,288            | 1,191,254            | 38,034  |
| Extracurricular activities . . . . .                  | 955,819                 | 1,029,889            | 1,048,701            | (18,812)  |
| Facilities acquisition and construction . . . . .     | 822,311                 | 797,369              | 793,337              | 4,032   |
| Debt service:   |                         |                      |                      |   |
| Principal . . . . .                                   | 333,402                 | 335,000              | 335,000              | -   |
| Interest and fiscal charges . . . . .                 | 291,555                 | 292,953              | 292,953              | -   |
| <b>Total expenditures . . . . .</b>                   | <u>44,300,650</u>       | <u>44,695,121</u>    | <u>44,009,740</u>    | <u>685,381</u>  |
| Excess expenditures over<br>revenues . . . . .        | <u>(1,958,902)</u>      | <u>(2,273,373)</u>   | <u>(814,308)</u>     | <u>1,459,065</u>  |
| <b>Other financing sources (uses):</b>                |                         |                      |                      |   |
| Transfers (out) . . . . .                             | (15,000)                | (15,000)             | -                    | 15,000  |
| Proceeds from sale of capital assets . . . . .        | 1,500                   | 1,500                | 4,026                | 2,526   |
| <b>Total other financing sources (uses) . . . . .</b> | <u>(13,500)</u>         | <u>(13,500)</u>      | <u>4,026</u>         | <u>17,526</u>   |
| Net change in fund balance . . . . .                  | (1,972,402)             | (2,286,873)          | (810,282)            | 1,476,591   |
| <b>Fund balance at beginning of year (restated)</b>   | 19,806,724              | 19,806,724           | 19,806,724           | -   |
| <b>Prior year encumbrances appropriated . . . . .</b> | 747,119                 | 747,119              | 747,119              | -   |
| <b>Fund balance at end of year . . . . .</b>          | <u>\$ 18,581,441</u>    | <u>\$ 18,266,970</u> | <u>\$ 19,743,561</u> | <u>\$ 1,476,591</u>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

|  | <b>Private-Purpose Trust</b> |               |
|--|------------------------------|---------------|
|  | <b>Scholarship</b>           | <b>Agency</b> |
| <b>Assets:</b>                                       |                              |               |
| Equity in pooled cash and cash equivalents . . . . . | \$ 15,047                    | \$ 83,953     |
| Total assets. . . . .                                | 15,047                       | \$ 83,953     |
| <b>Liabilities:</b>                                  |                              |               |
| Intergovernmental payable . . . . .                  | -                            | \$ 44         |
| Due to students. . . . .                             | -                            | 83,088        |
| Undistributed monies . . . . .                       | -                            | 821           |
| Total liabilities . . . . .                          | -                            | \$ 83,953     |
| <b>Net position:</b>                                 |                              |               |
| Held in trust for scholarships . . . . .             | 15,047                       |               |
| Total net position. . . . .                          | \$ 15,047                    |               |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|  | <b>Private-Purpose<br/>Trust</b> |
|--|----------------------------------|
|  | <b>Scholarship</b>               |
| <b>Additions:</b>                                  |                                  |
| Gifts and contributions . . . . .                  | \$ 66,337                        |
| Total additions . . . . .                          | 66,337                           |
| <br><b>Deductions:</b>                             |                                  |
| Scholarships awarded . . . . .                     | 51,290                           |
| Change in net position . . . . .                   | 15,047                           |
| <b>Net position at beginning of year . . . . .</b> | -                                |
| <b>Net position at end of year . . . . .</b>       | \$ 15,047                        |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

The Perry Local School District (the "School District") was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a school district as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District. Average daily membership on, or as of October 1, 2014, was 4,873. The School District employs 358 certified and 275 noncertified employees.

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

**A. Reporting Entity**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to, or can otherwise access, the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provides financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District does not have any component units.

Included with the reporting entity, within the School District's boundaries, St. Joan of Arc Elementary and Central Catholic High School are operated as non-public schools. Current legislation provides funding to these non-public schools. These monies are received and disbursed through the auxiliary special revenue fund on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public schools. These transactions are reported as a governmental activity of the School District.

The School District participates in one jointly governed organization and two public entity risk pools. These organizations are the Stark Portage Area Computer Consortium (SPARCC), Stark County Schools Council of Governments Health Benefits Program, and CompManagement Workers' Compensation Group Rating Program. They are presented in Notes 13 and 14.

The School District's financial statements have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States 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 more significant of the School District's accounting policies are described below.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**B. Basis of Presentation**

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

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

**C. Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental 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 is the School District's major governmental fund:

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



**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

*FIDUCIARY FUNDS*

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

**D. Measurement Focus**

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenditures) in total net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources 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.

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.

**E. 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 and statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows, and in the presentation of expenses versus expenditures.

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

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

*Deferred Outflows of Resources and Deferred Inflows of Resources* - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources have been reported for the following two items related the School District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the School District's contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The School District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the School District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

*Expenditures/Expenses* - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**F. Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. Although the legal level of control was established at the fund level of expenditures, the School District has elected to present budgetary statement comparisons at the fund and function level of expenditures. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

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 budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**G. Cash and Investments**

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District records. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2015, investments were limited to Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, negotiable certificates of deposit, U.S. Government money market account, Invesco STIT mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio), the State Treasurer's Investment Pool.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

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 share price which is the price the investment could be sold for on June 30, 2015.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$188,025 of which approximately \$17,557 was attributable to other funds.

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as “equity in pooled cash and investments”. Investments with an original maturity of more than three months that are not purchased from the pool are presented on the basic financial statements as “investments”.

**H. Inventory**

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food. The donated commodities are presented at their entitlement values.

**I. Capital Assets**

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

| <u>Description</u>         | <u>Estimated Lives</u> |
|----------------------------|------------------------|
| Land Improvements          | 20-75 Years            |
| Buildings and Improvements | 7-75 Years             |
| Furniture and Equipment    | 5-30 Years             |
| Vehicles                   | 12-15 Years            |

**J. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements.

These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee will be paid.

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

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

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

**L. Net Position**

Net position represents the difference between all other elements of the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments

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

**M. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not to be converted to cash. It also includes the long-term amount of loans receivable.

*Restricted* - The restricted fund balance is reported when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education; the highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund balance have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not constrained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned

The School District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**N. Interfund Activity**

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated. Receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables on the fund financial statements.

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

**O. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net position. There were no interfund loan balances outstanding at year-end.

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**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. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2015, the School District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69, "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the School District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the School District's pension plan disclosures, as presented in Note 10 to the financial statements, and added required supplementary information which is presented after the notes to basic financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

|  | Governmental<br>Activities |
|--|----------------------------|
| Net position as previously reported                            | \$ 42,003,894              |
| Deferred outflows - payments<br>subsequent to measurement date | 3,642,805                  |
| Net pension liability  | (73,371,198)               |
| Restated net position at July 1, 2014                          | \$ (27,724,499)            |

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

**B. Deficit Fund Balances**

Fund balances at June 30, 2015 included the following individual fund deficits:

| <u>Nonmajor funds</u>                  | <u>Deficit</u> |
|--|----------------|
| Title VI-B                             | \$ 1,685       |
| IDEA Part B - Preschool Stimulus       | 1,620          |
| Title II-A - Improving Teacher Quality | 1,876          |

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

**C. Budgetary Prior Period Adjustment**

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The School District has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2014 is as follows:

| <b>Budgetary Basis</b>           |               |
|----------------------------------|---------------|
|                                  | General Fund  |
| Balance at June 30, 2014         | \$ 20,009,292 |
| Funds budgeted elsewhere         | (202,568)     |
| Restated balance at July 1, 2014 | \$ 19,806,724 |



**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

**A. Cash on Hand**

At fiscal year end, the School District had \$35 in undeposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash and investments".

**B. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all School District deposits was \$6,012,871. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$2,791,036 of the School District's bank balance of \$6,203,831 was exposed to custodial risk as discussed below, while \$3,412,795 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the School 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 School District. The School 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 School District to a successful claim by the FDIC.

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**C Investments**

As of June 30, 2015 the School District had the following investments and maturities:

| <u>Investment type</u>       | <u>Fair Value</u>    | <u>Investment Maturities</u> |                       |                        |                        |                               |
|------------------------------|----------------------|------------------------------|-----------------------|------------------------|------------------------|-------------------------------|
|                              |                      | <u>6 months or less</u>      | <u>7 to 12 months</u> | <u>13 to 18 months</u> | <u>19 to 24 months</u> | <u>Greater than 24 months</u> |
| FFCB                         | \$ 1,402,270         | \$ 250,043                   | \$ -                  | \$ -                   | \$ 300,054             | \$ 852,173                    |
| FHLB                         | 1,796,315            | -                            | -                     | -                      | -                      | 1,796,315                     |
| FHLMC                        | 1,639,424            | -                            | -                     | 373,804                | 801,600                | 464,020                       |
| FNMA                         | 2,826,836            | 580,412                      | -                     | 1,100,775              | -                      | 1,145,649                     |
| Negotiable CD's              | 9,035,231            | 1,490,136                    | 1,561,535             | 1,502,605              | 1,278,942              | 3,202,013                     |
| U.S. Government money market | 18,271               | 18,271                       | -                     | -                      | -                      | -                             |
| Invesco STIT mutual funds    | 252,703              | 252,703                      | -                     | -                      | -                      | -                             |
| STAR Ohio                    | 5,879                | 5,879                        | -                     | -                      | -                      | -                             |
| Total                        | <u>\$ 16,976,929</u> | <u>\$ 2,597,444</u>          | <u>\$ 1,561,535</u>   | <u>\$ 2,977,184</u>    | <u>\$ 2,380,596</u>    | <u>\$ 7,460,170</u>           |

The weighted average of maturity of investments is 1.73 years.

*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 School District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The School District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. Government money market and STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio and the U.S. Government money market maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

*Concentration of Credit Risk:* The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2015:

| <u>Investment type</u>       | <u>Fair Value</u>    | <u>% of Total</u> |
|------------------------------|----------------------|-------------------|
| FFCB                         | \$ 1,402,270         | 8.26              |
| FHLB                         | 1,796,315            | 10.58             |
| FHLMC                        | 1,639,424            | 9.66              |
| FNMA                         | 2,826,836            | 16.65             |
| Negotiable CD's              | 9,035,231            | 53.22             |
| U.S. Government money market | 18,271               | 0.11              |
| Invesco STIT mutual funds    | 252,703              | 1.49              |
| STAR Ohio                    | 5,879                | 0.03              |
| Total                        | <u>\$ 16,976,929</u> | <u>100.00</u>     |

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

|   |                      |
|---|----------------------|
| <u>Cash and investments per note</u>                      |                      |
| Carrying amount of deposits                               | \$ 6,012,871         |
| Investments   | 16,976,929           |
| Cash on hand  | <u>35</u>            |
| Total   | <u>\$ 22,989,835</u> |
| <u>Cash and investments per statement of net position</u> |                      |
| Governmental activities                                   | \$ 22,890,835        |
| Private-purpose trust funds                               | 15,047               |
| Agency funds  | <u>83,953</u>        |
| Total   | <u>\$ 22,989,835</u> |

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, 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.

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 5 - PROPERTY TAXES - (Continued)**

The School District receives property taxes from Stark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$160,900 in the general fund and \$7,028 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$133,840 in the general fund and \$5,784 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

|   | 2014 Second<br>Half Collections |                | 2015 First<br>Half Collections |                |
|---|---------------------------------|----------------|--------------------------------|----------------|
|   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 529,877,840                  | 94.40          | \$ 529,650,870                 | 94.15          |
| Public utility personal                           | <u>31,424,180</u>               | <u>5.60</u>    | <u>32,906,890</u>              | <u>5.85</u>    |
| Total   | <u>\$ 561,302,020</u>           | <u>100.00</u>  | <u>\$ 562,557,760</u>          | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     |                                 |                |                                |                |
| General operations                                | \$ 46.70                        |                | \$ 47.70                       |                |
| Permanent improvement                             | 1.50                            |                | 1.50                           |                |

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2015, consisted of taxes, accounts (rent, student fees and tuition), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the State programs, and the current fiscal year guarantee of Federal funds.

**Governmental activities:**

|                   |                      |
|-------------------|----------------------|
| Property taxes    | \$ 20,040,835        |
| Accounts          | 740                  |
| Accrued interest  | 24,334               |
| Intergovernmental | <u>654,436</u>       |
| Total             | <u>\$ 20,720,345</u> |

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal ended June 30, 2015, was as follows. At June 30, 2014, certain amounts have been reclassified between land improvements and buildings and improvements. This reclassification had no effect on net position at the June 30, 2014.

|   | Balance<br><u>June 30, 2014</u> | <u>Additions</u>   | <u>Disposals</u>    | Balance<br><u>June 30, 2015</u> |
|---|---------------------------------|--------------------|---------------------|---------------------------------|
| <i>Capital assets, not being depreciated:</i> |                                 |                    |                     |                                 |
| Land  | \$ 1,366,878                    | \$ -               | \$ -                | \$ 1,366,878                    |
| Construction in progress                      | <u>191,823</u>                  | <u>446,077</u>     | <u>(637,900)</u>    | <u>-</u>                        |
| Total capital assets, not being depreciated   | <u>1,558,701</u>                | <u>446,077</u>     | <u>(637,900)</u>    | <u>1,366,878</u>                |
| <i>Capital assets, being depreciated:</i>     |                                 |                    |                     |                                 |
| Land improvements                             | 1,979,246                       | 700,931            | -                   | 2,680,177                       |
| Building and improvements                     | 40,986,516                      | 144,335            | (15,200)            | 41,115,651                      |
| Furniture and equipment                       | 2,548,803                       | 285,220            | -                   | 2,834,023                       |
| Vehicles                                      | <u>3,525,360</u>                | <u>226,215</u>     | <u>(97,950)</u>     | <u>3,653,625</u>                |
| Total capital assets, being depreciated       | <u>49,039,925</u>               | <u>1,356,701</u>   | <u>(113,150)</u>    | <u>50,283,476</u>               |
| <i>Less: accumulated depreciation:</i>        |                                 |                    |                     |                                 |
| Land improvements                             | (770,941)                       | (115,795)          | -                   | (886,736)                       |
| Building and improvements                     | (14,327,187)                    | (684,069)          | 8,968               | (15,002,288)                    |
| Furniture and equipment                       | (1,023,156)                     | (127,114)          | -                   | (1,150,270)                     |
| Vehicles                                      | <u>(2,370,327)</u>              | <u>(228,334)</u>   | <u>97,950</u>       | <u>(2,500,711)</u>              |
| Total accumulated depreciation                | <u>(18,491,611)</u>             | <u>(1,155,312)</u> | <u>106,918</u>      | <u>(19,540,005)</u>             |
| Governmental activities capital assets, net   | <u>\$ 32,107,015</u>            | <u>\$ 647,466</u>  | <u>\$ (644,132)</u> | <u>\$ 32,110,349</u>            |

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FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

|   |                     |
|---|---------------------|
| <u>Instruction:</u>                             |                     |
| Regular   | \$ 373,438          |
| Special   | 91,434              |
| Vocational                                      | 36,649              |
| Adult   | 133                 |
| Other   | 2,717               |
| <u>Support services:</u>                        |                     |
| Pupil   | 52,499              |
| Instructional staff                             | 15,986              |
| Board of education                              | 2,334               |
| Administration                                  | 56,677              |
| Fiscal  | 13,009              |
| Business  | 3,379               |
| Operations and maintenance                      | 113,446             |
| Pupil transportation                            | 251,195             |
| Central   | 36,366              |
| <u>Operation of non-instructional services:</u> |                     |
| Other non-instructional services                | 19,113              |
| Food service operations                         | 56,222              |
| Extracurricular activities                      | 30,715              |
| Total depreciation expense                      | <u>\$ 1,155,312</u> |

**NOTE 8 - RISK MANAGEMENT**

**A. General Insurance**

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of \$5,000 and \$500 per incident on property and equipment, respectively, with a 100 percent blanket, all risk policy for property coverage. The School District's vehicle insurance policy limit is \$1,000,000 single occurrence limited liability. All board members, administrators, and employees are covered under a school district liability policy. Additionally, the School District carries a \$5,000,000 blanket umbrella policy. The limits of this coverage are \$1,000,000 per occurrence and \$5,000,000 in aggregate, with no deductible. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation**

The School District participates in the CompManagement Workers Compensation Group Rating Plan ("the Plan"), an insurance purchasing pool (Note 14.B). The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the group. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the group. Each participant pays its worker's compensation premium to the State Bureau of Workers' Compensation based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the group. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the group. Participation in the Plan is limited to school districts that can meet the Plan selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the group.

**C. Employee Health Benefits**

The School District participates in the Stark County Schools Council of Governments Health Benefits Program ("the Council"), a shared risk pool (Note 14.A) to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

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

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board. For fiscal year 2015 the School District's monthly medical premium for family coverage was \$1,510 and \$621 for single coverage and \$194 and \$79 for dental, respectively. Full-time employees pay twenty percent of the premium while part-time employees pay fifty percent of the premium.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an exiting school district subsequent to the settlement of all expenses and claims.



**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 9 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation, sick leave benefits and early retirement incentive are derived from negotiated agreements and State laws. Classified employees earn 5 - 25 days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn 15 - 25 days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of 1-1/4 days per month. Sick leave may be accumulated to a maximum of 340 days. Upon retirement, employees receive payment for 30 percent of the total sick leave accumulation, not to exceed 78 days in fiscal year 2015.

**B. Life Insurance**

The School District provided life insurance and accidental death and dismemberment insurance to all employees through the Stark County Schools Council of Governments Health Benefits Program. Coverage ranges from \$10,000 to \$65,000 depending on the daily hours worked by the employee.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension obligation payable* on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description –School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire on or before<br>August 1, 2017 *                          | Eligible to<br>Retire after<br>August 1, 2017  |
|------------------------------|---|--|
| Full Benefits                | Any age with 30 years of service credit   | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>Age 60 with 25 years of service credit |

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$846,804 for fiscal year 2015. Of this amount \$74,779 is reported in pension and postemployment benefits payable.

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description –School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$3,112,456 for fiscal year 2015. Of this amount, \$518,344 is reported in pension and postemployment benefits payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

|  | <u>SERS</u>   | <u>STRS</u>   | <u>Total</u>  |
|--|---------------|---------------|---------------|
| Proportionate share of the net pension liability | \$ 10,861,290 | \$ 50,880,929 | \$ 61,742,219 |
| Proportion of the net pension liability          | 0.21461000%   | 0.20918458%   |               |
| Pension expense                                  | \$ 633,829    | \$ 1,973,700  | \$ 2,607,529  |

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>SERS</u>         | <u>STRS</u>         | <u>Total</u>         |
|--|---------------------|---------------------|----------------------|
| <b>Deferred outflows of resources</b>  |                     |                     |                      |
| Differences between expected and actual experience                               | \$ 92,441           | \$ 489,839          | \$ 582,280           |
| School District contributions subsequent to the measurement date                 | <u>846,804</u>      | <u>3,112,456</u>    | <u>3,959,260</u>     |
| Total deferred outflows of resources   | <u>\$ 939,245</u>   | <u>\$ 3,602,295</u> | <u>\$ 4,541,540</u>  |
| <b>Deferred inflows of resources</b>   |                     |                     |                      |
| Net difference between projected and actual earnings on pension plan investments | <u>\$ 1,762,818</u> | <u>\$ 9,413,165</u> | <u>\$ 11,175,983</u> |
| Total deferred inflows of resources  | <u>\$ 1,762,818</u> | <u>\$ 9,413,165</u> | <u>\$ 11,175,983</u> |

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$3,959,260 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

|                             | SERS           | STRS           | Total           |
|-----------------------------|----------------|----------------|-----------------|
| Fiscal Year Ending June 30: |                |                |                 |
| 2016                        | \$ (417,595)   | \$ (2,230,831) | \$ (2,648,426)  |
| 2017                        | (417,595)      | (2,230,831)    | (2,648,426)     |
| 2018                        | (417,595)      | (2,230,831)    | (2,648,426)     |
| 2019                        | (417,592)      | (2,230,833)    | (2,648,425)     |
| Total                       | \$ (1,670,377) | \$ (8,923,326) | \$ (10,593,703) |

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

|  |  |
|--|--|
| Wage Inflation                               | 3.25 percent   |
| Future Salary Increases, including inflation | 4.00 percent to 22 percent                                   |
| COLA or Ad Hoc COLA                          | 3 percent  |
| Investment Rate of Return                    | 7.75 percent net of investments expense, including inflation |
| Actuarial Cost Method                        | Entry Age Normal   |

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|------------------------|------------------------------|---|
| Cash                   | 1.00 %                       | 0.00 %  |
| US Stocks              | 22.50                        | 5.00  |
| Non-US Stocks          | 22.50                        | 5.50  |
| Fixed Income           | 19.00                        | 1.50  |
| Private Equity         | 10.00                        | 10.00   |
| Real Assets            | 10.00                        | 5.00  |
| Multi-Asset Strategies | <u>15.00</u>                 | 7.50  |
| <br>Total              | <br><u>100.00 %</u>          |   |

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

|  | <u>1% Decrease<br/>(6.75%)</u> | <u>Current<br/>Discount Rate<br/>(7.75%)</u> | <u>1% Increase<br/>(8.75%)</u> |
|--|--------------------------------|--|--------------------------------|
| School District's proportionate share of the net pension liability | \$ 15,495,833                  | \$ 10,861,290                                | \$ 6,963,239                   |

**PERRY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                   |  |
|-----------------------------------|--|
| Inflation                         | 2.75 percent   |
| Projected salary increases        | 2.75 percent at age 70 to 12.25 percent at age 20  |
| Investment Rate of Return         | 7.75 percent, net of investment expenses   |
| Cost-of-Living Adjustments (COLA) | 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date. |

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic Equity      | 31.00 %                  | 8.00 %  |
| International Equity | 26.00                    | 7.85  |
| Alternatives         | 14.00                    | 8.00  |
| Fixed Income         | 18.00                    | 3.75  |
| Real Estate          | 10.00                    | 6.75  |
| Liquidity Reserves   | 1.00                     | 3.00  |
| <br>Total            | <br><u>100.00 %</u>      |   |

***Discount Rate*** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

|  | 1% Decrease<br>(6.75%) | Current<br>Discount Rate<br>(7.75%) | 1% Increase<br>(8.75%) |
|--|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$ 72,841,598          | \$ 50,880,929                       | \$ 32,309,594          |

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$112,781.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$161,867, \$47,395, and \$45,590, respectively. For fiscal year 2015, 92.10 percent has been contributed, with the balance being reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2014 and 2013.



**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$216,681, and \$213,342 respectively. The full amount has been contributed for fiscal years 2014 and 2013.

**NOTE 12 - LONG-TERM OBLIGATIONS**

During the fiscal year 2015, the following activity occurred in governmental activities long-term obligations. The long-term obligations at June 30, 2014 have been restated as described in Note 3.A.

|                           | Restated<br>Balance  |                   |                        | Balance              | Amount<br>Due in  |
|---------------------------|----------------------|-------------------|------------------------|----------------------|-------------------|
|                           | <u>June 30, 2014</u> | <u>Increase</u>   | <u>Decrease</u>        | <u>June 30, 2015</u> | <u>One Year</u>   |
| Compensated absences      | \$ 4,057,088         | \$ 898,024        | \$ (960,781)           | \$ 3,994,331         | \$ 179,513        |
| 2011 HB 264 Qualified     |                      |                   |                        |                      |                   |
| School Construction Bonds | 4,530,000            | -                 | (335,000)              | 4,195,000            | 345,000           |
| Net pension liability     | <u>73,371,198</u>    | <u>-</u>          | <u>(11,628,979)</u>    | <u>61,742,219</u>    | <u>-</u>          |
| Total                     | <u>\$ 81,958,286</u> | <u>\$ 898,024</u> | <u>\$ (12,924,760)</u> | <u>\$ 69,931,550</u> | <u>\$ 524,513</u> |

Compensated absences will be primarily paid from the general, food service and auxiliary funds.

Net Pension Liability: See Note 10 for details.

On February 8, 2011, the School District issued \$5,525,000 in general obligation qualified school construction bonds (“QSCB”) to finance a HB 264 project. The bonds were issued for a fifteen year period with a final maturity at December 1, 2025. The bond issue consisted of serial, term and capital appreciation bonds. The principal and interest requirements will be recorded in the general fund.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the School District's future annual principal and interest requirements to retire the general obligation bonds:

| Fiscal<br>Year Ending<br>June 30, | Current Interest Bonds |                     |                     |
|-----------------------------------|------------------------|---------------------|---------------------|
|                                   | Principal              | Interest            | Total               |
| 2016                              | \$ 345,000             | \$ 292,952          | \$ 637,952          |
| 2017                              | 350,000                | 292,952             | 642,952             |
| 2018                              | 360,000                | 292,952             | 652,952             |
| 2019                              | 365,000                | 292,952             | 657,952             |
| 2020                              | 375,000                | 292,952             | 667,952             |
| 2021 - 2025                       | 1,980,000              | 1,464,760           | 3,444,760           |
| 2026                              | <u>420,000</u>         | <u>146,476</u>      | <u>566,476</u>      |
| Total                             | <u>\$ 4,195,000</u>    | <u>\$ 3,075,996</u> | <u>\$ 7,270,996</u> |

The principal and interest requirements will be recorded in the general fund. Annually the School District must pay the entire interest amount and then submit a form for the return of credit payments to issuers of qualified bonds from the Internal Revenue Service. In 2015, the School District was reimbursed \$259,070; the net annual interest cost of the bonds to the School District in 2015 was \$31,033. Over the term of the bonded debt repayment schedule, the School District will be reimbursed \$4,140,074 of the total \$4,339,766 interest costs.

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School 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 School District. The assessed valuation used in determining the School 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 School 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, 2015, are a voted debt margin of \$46,435,198 and an unvoted debt margin of \$562,558.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 13 - JOINTLY GOVERNED ORGANIZATION**

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization among 31 school districts, the Stark County Educational Service Center and the Portage County Educational Service Center and the Portage County Education Service Center. The purpose of the organization is to apply modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating district is limited to its representation on the assembly, which appoints the five-member executive board. The executive board exercises total control over the operation of SPARCC including budgeting, appropriating, contracting and designating management. The executive board consists of five superintendents. All revenues are generated from State funding and an annual fee charged to participating districts. The School District paid \$280,983 to SPARCC during the fiscal year 2015. The Stark County Educational Service Center is the fiscal agent of SPARCC. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38<sup>th</sup> Street NW, Canton, OH 44709-2300.

**NOTE 14 - PUBLIC ENTITY RISK POOLS**

**A. Risk Sharing Pool**

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

**B. Insurance Purchasing Pool**

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

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the School District at June 30, 2015.

**B. Litigation**

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

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 15 - CONTINGENCIES - (Continued)**

**C. Foundation Funding**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional School Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

**NOTE 16 - SET-ASIDES**

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

|   | <u>Capital<br/>Improvements</u> |
|---|---------------------------------|
| Set-aside balance June 30, 2014   | \$ -                            |
| Current year set-aside requirement  | 819,438                         |
| Contributions in excess of the current<br>fiscal year set-aside requirement | -                               |
| Current year qualifying expenditures  | -                               |
| Excess qualified expenditures from prior years                              | -                               |
| Current year offsets  | (918,202)                       |
| Waiver granted by ODE   | -                               |
| Prior year offset from bond proceeds  | -                               |
| Total   | <u>\$ (98,764)</u>              |
| Balance carried forward to fiscal year 2016                                 | <u>\$ -</u>                     |
| Set-aside balance June 30, 2015   | <u>\$ -</u>                     |

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

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

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

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

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

**Net Change in Fund Balance**

|   | <u>General fund</u> |
|---|---------------------|
| Budget basis                            | \$ (810,282)        |
| Net adjustment for revenue accruals     | (11,204)            |
| Net adjustment for expenditure accruals | 529,608             |
| Funds budgeted elsewhere                | 11,433              |
| Adjustment for encumbrances             | 169,664             |
| GAAP basis                              | \$ (110,781)        |

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, rotary fund, the public school support fund, adult education fund, the recreation fund, the special trust fund and the special education fund.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 18 - OTHER COMMITMENTS**

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund Type</u>   | <u>Year-End<br/>Encumbrances</u> |
|--------------------|----------------------------------|
| General fund       | \$ 124,768                       |
| Other governmental | <u>71,024</u>                    |
| Total              | <u>\$ 195,792</u>                |

REQUIRED SUPPLEMENTARY INFORMATION

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

|  | <b>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
| School District's proportion of the net pension liability  | 0.21461000%   | 0.21461000%   |
| School District's proportionate share of the net pension liability   | \$ 10,861,290 | \$ 12,762,168 |
| School District's covered-employee payroll   | \$ 6,236,147  | \$ 6,160,809  |
| School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 174.17%       | 207.15%       |
| Plan fiduciary net position as a percentage of the total pension liability   | 71.70%        | 65.52%        |

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the School District's measurement date which is the prior fiscal year.



**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

|  | <b>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
| School District's proportion of the net pension liability  | 0.20918458%   | 0.20918458%   |
| School District's proportionate share of the net pension liability   | \$ 50,880,929 | \$ 60,609,030 |
| School District's covered-employee payroll   | \$ 21,372,885 | \$ 22,209,254 |
| School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 238.06%       | 272.90%       |
| Plan fiduciary net position as a percentage of the total pension liability   | 74.70%        | 69.30%        |

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the School District's measurement date which is the prior fiscal year.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

|  | LAST TEN FISCAL YEARS |                  |                  |                  |
|--|-----------------------|------------------|------------------|------------------|
|  | <u>2015</u>           | <u>2014</u>      | <u>2013</u>      | <u>2012</u>      |
| Contractually required contribution                                  | \$ 846,804            | \$ 864,330       | \$ 852,656       | \$ 818,702       |
| Contributions in relation to the contractually required contribution | <u>(846,804)</u>      | <u>(864,330)</u> | <u>(852,656)</u> | <u>(818,702)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>           | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| School District's covered-employee payroll                           | \$ 6,424,917          | \$ 6,236,147     | \$ 6,160,809     | \$ 6,087,004     |
| Contributions as a percentage of covered-employee payroll            | 13.18%                | 13.86%           | 13.84%           | 13.45%           |

| <u>2011</u>      | <u>2010</u>      | <u>2009</u>      | <u>2008</u>      | <u>2007</u>      | <u>2006</u>      |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 771,179       | \$ 926,566       | \$ 838,433       | \$ 780,444       | \$ 721,374       | \$ 701,988       |
| <u>(771,179)</u> | <u>(926,566)</u> | <u>(838,433)</u> | <u>(780,444)</u> | <u>(721,374)</u> | <u>(701,988)</u> |
| <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| \$ 6,135,076     | \$ 6,843,176     | \$ 8,520,661     | \$ 7,947,495     | \$ 6,754,438     | \$ 6,635,047     |
| 12.57%           | 13.54%           | 9.84%            | 9.82%            | 10.68%           | 10.58%           |

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

|  | LAST TEN FISCAL YEARS |                    |                    |                    |
|--|-----------------------|--------------------|--------------------|--------------------|
|  | <u>2015</u>           | <u>2014</u>        | <u>2013</u>        | <u>2012</u>        |
| Contractually required contribution                                  | \$ 3,112,456          | \$ 2,778,475       | \$ 2,887,203       | \$ 2,758,074       |
| Contributions in relation to the contractually required contribution | <u>(3,112,456)</u>    | <u>(2,778,475)</u> | <u>(2,887,203)</u> | <u>(2,758,074)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>           | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| School District's covered-employee payroll                           | \$ 22,231,829         | \$ 21,372,885      | \$ 22,209,254      | \$ 21,215,954      |
| Contributions as a percentage of covered-employee payroll            | 14.00%                | 13.00%             | 13.00%             | 13.00%             |

| <u>2011</u>        | <u>2010</u>        | <u>2009</u>        | <u>2008</u>        | <u>2007</u>        | <u>2006</u>        |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 2,867,983       | \$ 2,897,392       | \$ 2,968,504       | \$ 2,951,496       | \$ 2,772,977       | \$ 2,682,890       |
| <u>(2,867,983)</u> | <u>(2,897,392)</u> | <u>(2,968,504)</u> | <u>(2,951,496)</u> | <u>(2,772,977)</u> | <u>(2,682,890)</u> |
| <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| \$ 22,061,408      | \$ 22,287,631      | \$ 22,834,646      | \$ 22,703,815      | \$ 21,330,592      | \$ 20,637,615      |
| 13.00%             | 13.00%             | 13.00%             | 13.00%             | 13.00%             | 13.00%             |

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR YEAR ENDED JUNE 30, 2015**

| <b>FEDERAL GRANTOR</b><br><i>Pass Through Grantor</i><br>Program Title                      | Federal<br>CFDA<br>Number | Grant<br>Year | Receipts            | Non-Cash<br>Receipts | Expenditures        | Non-Cash<br>Expenditures |
|---|---------------------------|---------------|---------------------|----------------------|---------------------|--------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b><br><i>Passed Through Ohio Department of Education</i> |                           |               |                     |                      |                     |                          |
| Child Nutrition Cluster:  |                           |               |                     |                      |                     |                          |
| School Breakfast Program  | 10.553                    | 2015          | \$ 174,527          | \$ -                 | \$ 174,527          | \$ -                     |
| National School Lunch Program   | 10.555                    | 2015          | 838,679             | 115,220              | 838,679             | 115,220                  |
| Total Child Nutrition Cluster   |                           |               | <u>1,013,206</u>    | <u>115,220</u>       | <u>1,013,206</u>    | <u>115,220</u>           |
| <b>Total U.S. Department of Agriculture &amp; Child Nutrition Cluster</b>                   |                           |               | <u>1,013,206</u>    | <u>115,220</u>       | <u>1,013,206</u>    | <u>115,220</u>           |
| <b>U.S. DEPARTMENT OF EDUCATION</b><br><i>Passed Through Ohio Department of Education</i>   |                           |               |                     |                      |                     |                          |
| Title I, Part A Cluster:  |                           |               |                     |                      |                     |                          |
| Title I Grants to Local Education Agencies  | 84.010                    | 2013          | -                   | -                    | 8,580               | -                        |
| Title I Grants to Local Education Agencies  | 84.010                    | 2014          | 54,629              | -                    | 99,349              | -                        |
| Title I Grants to Local Education Agencies  | 84.010                    | 2015          | 568,004             | -                    | 550,426             | -                        |
| Total Title I, Part A Cluster   |                           |               | <u>622,633</u>      | <u>-</u>             | <u>658,355</u>      | <u>-</u>                 |
| Special Education Cluster:  |                           |               |                     |                      |                     |                          |
| Special Education Grants to States  | 84.027                    | 2014          | 133,821             | -                    | 195,048             | -                        |
| Special Education Grants to States  | 84.027                    | 2015          | 859,837             | -                    | 808,586             | -                        |
| Total Special Education Grants to States  |                           |               | <u>993,658</u>      | <u>-</u>             | <u>1,003,634</u>    | <u>-</u>                 |
| Special Education - Preschool Grants:   |                           |               |                     |                      |                     |                          |
| Special Education - Preschool Grants:   | 84.173                    | 2014          | 954                 | -                    | 1,589               | -                        |
| Special Education - Preschool Grants:   | 84.173                    | 2015          | 21,810              | -                    | 21,100              | -                        |
| Total Special Education - Preschool Grants  |                           |               | <u>22,764</u>       | <u>-</u>             | <u>22,689</u>       | <u>-</u>                 |
| Total Special Education Cluster   |                           |               | <u>1,016,422</u>    | <u>-</u>             | <u>1,026,323</u>    | <u>-</u>                 |
| Improving Teacher Quality State Grants  |                           |               |                     |                      |                     |                          |
| Improving Teacher Quality State Grants  | 84.367                    | 2014          | 19,974              | -                    | 19,425              | -                        |
| Improving Teacher Quality State Grants  | 84.367                    | 2015          | 129,873             | -                    | 121,370             | -                        |
| Total Improving Teacher Quality State Grants  |                           |               | <u>149,847</u>      | <u>-</u>             | <u>140,795</u>      | <u>-</u>                 |
| ARRA - Race to the Top Grant  | 84.395                    | 2013          | 4,900               | -                    | 4,900               | -                        |
| <i>Total U.S. Department of Education</i>   |                           |               | <u>1,793,802</u>    | <u>-</u>             | <u>1,830,373</u>    | <u>-</u>                 |
| <b>Total Federal Financial Assistance</b>   |                           |               | <u>\$ 2,807,008</u> | <u>\$ 115,220</u>    | <u>\$ 2,843,579</u> | <u>\$ 115,220</u>        |

The accompanying notes are an integral part of this schedule.

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Perry Local School District (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Perry Local School District  
Stark County  
4201 13<sup>th</sup> Street S.W.  
Massillon, Ohio 44646

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perry Local School District, Stark County, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 25, 2016, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 25, 2016



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Perry Local School District  
Stark County  
4201 13<sup>th</sup> Street S.W.  
Massillon, Ohio 44646

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Perry Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Perry Local School District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

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

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

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Perry Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

***Report on Internal Control Over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 25, 2016

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2015**

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |   |   |
|---------------------|---|---|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>  | Unmodified  |
| <b>(d)(1)(ii)</b>   | <b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>                  | No  |
| <b>(d)(1)(ii)</b>   | <b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b> | No  |
| <b>(d)(1)(iii)</b>  | <b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>                        | No  |
| <b>(d)(1)(iv)</b>   | <b>Were there any material internal control weaknesses reported for major federal programs?</b>                       | No  |
| <b>(d)(1)(iv)</b>   | <b>Were there any significant deficiencies in internal control reported for major federal programs?</b>               | No  |
| <b>(d)(1)(v)</b>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unmodified  |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under § .510(a)?</b>   | No  |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>   | Special Education Cluster – Special Education Grants to States (IDEA, Part B) CFDA# 84.027 and Special Education Preschool Grant CFDA# 84.173 |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$ 300,000<br>Type B: all others  |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee?</b>  | Yes   |

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

None

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

None

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# Dave Yost • Auditor of State

**PERRY LOCAL SCHOOL DISTRICT**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 17, 2016**