

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

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2012***

MATT FEASEL, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Perrysburg Exempted Village School District, Wood County, prepared by Julian & Grube, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 29, 2013

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

TABLE OF CONTENTS

Independent Accountants' Report	1 - 2
Management's Discussion and Analysis	3 - 14
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	21
Statement of Net Assets - Proprietary Fund	22
Statement of Revenues, Expenditures and Changes in Net Assets - Proprietary Fund	23
Statement of Cash Flows - Proprietary Fund.....	24
Statement of Fiduciary Net Assets - Fiduciary Funds	25
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	26
Notes to the Basic Financial Statements.....	27 - 59
Supplementary Data:	
Schedule of Receipts and Expenditures of Federal Awards	60
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	61 - 62
Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	63 - 64
Schedule of Findings <i>OMB Circular A-133</i> §.505	65



Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Perrysburg Exempted Village School District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Perrysburg Exempted Village School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District, Wood County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of the Perrysburg Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Independent Accountants' Report
Perrysburg Exempted Village School District
Page Two

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Perrysburg Exempted Village School District's basic financial statements taken as a whole. The Schedule of Receipts and Expenditures of Federal Awards provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
December 21, 2012

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The management's discussion and analysis of the Perrysburg Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net assets of the governmental activities decreased \$2,203,652, or 9.40%, from a balance of \$23,435,365 at June 30, 2011 to \$21,231,713 at June 30, 2012.
- General revenues accounted for \$39,832,862 in revenue or 88.10% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,378,904 or 11.90% of total revenues of \$45,211,766.
- The District had \$47,415,418 in expenses related to governmental activities; only \$5,378,904 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$39,832,862 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and debt service fund. The general fund had \$36,443,919 in revenues and \$39,382,218 in expenditures. During fiscal 2012, the general fund's fund balance decreased \$2,938,299 from \$3,047,190 to \$108,891.
- The debt service fund had \$2,739,058 in revenues \$3,193,864 in expenditures. During fiscal year 2012, the debt service fund's fund balance decreased by \$454,806 from \$2,428,502 to \$1,973,696.

Using the Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The statement of net assets and statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The statement of net assets and statement of activities can be found on pages 15-16, of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-20 and the budgetary statement for the general fund can be found on page 21.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Proprietary Funds

The District maintains only one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District has an internal service fund to account for a self-insurance program which provides prescription drug, medical and dental benefits to employees. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 25 and 26. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-59 of this report.

The District as a Whole

A comparative analysis for government-wide financial statements using the full accrual basis of accounting is presented below.

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current and other assets	\$ 36,954,698	\$ 35,360,233
Capital assets, net	<u>46,552,034</u>	<u>47,961,169</u>
Total assets	<u>83,506,732</u>	<u>83,321,402</u>
<u>Liabilities</u>		
Current liabilities	29,947,905	25,231,726
Long-term liabilities	<u>32,327,114</u>	<u>34,654,311</u>
Total liabilities	<u>62,275,019</u>	<u>59,886,037</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	19,219,130	18,295,923
Restricted	3,599,523	5,103,649
Unrestricted (deficit)	<u>(1,586,940)</u>	<u>35,793</u>
Total net assets	<u>\$ 21,231,713</u>	<u>\$ 23,435,365</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$21,231,713.

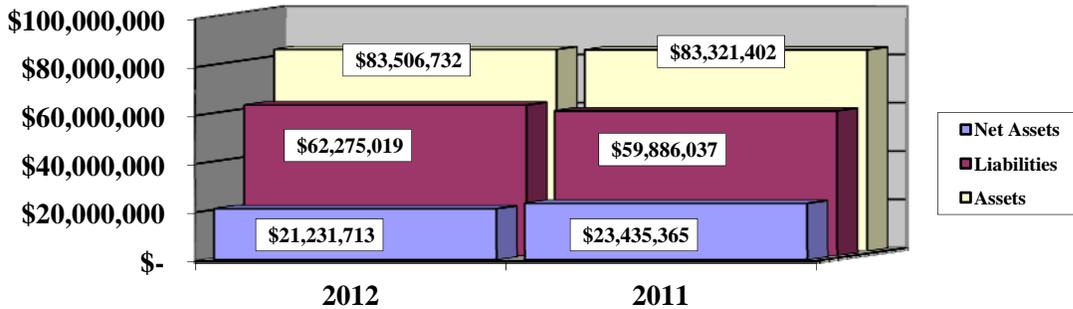
**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

At year-end, capital assets represented 55.75% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$19,219,130. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$3,599,523, represents resources that are subject to external restriction on how they may be used. The table below illustrates the District's assets, liabilities and net assets at June 30, 2012 and 2011.

Governmental Activities



The table below shows the changes in net assets for governmental activities for fiscal year 2012 compared to fiscal year 2011.

Change in Net Assets

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 3,106,450	\$ 2,827,592
Operating grants and contributions	2,240,552	3,608,876
Capital grants and contributions	31,902	132,718
General revenues:		
Property taxes	21,466,525	29,483,946
Income taxes	5,462,416	5,086,253
Grants and entitlements	12,266,676	12,987,838
Prayments in lieu of taxes	463,995	336,742
Investment earnings	10,071	14,706
Miscellaneous	163,179	94,881
Total revenues	<u>45,211,766</u>	<u>54,573,552</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Change in Net Assets	
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	23,398,016	23,962,866
Special	4,958,544	4,743,191
Vocational	93,713	100,718
Support services:		
Pupil	2,464,068	2,906,898
Instructional staff	683,682	678,413
Board of education	33,279	47,484
Administration	3,118,448	3,133,511
Fiscal	957,231	911,567
Business	47,437	54,830
Operations and maintenance	4,015,075	4,103,255
Pupil transportation	1,674,209	1,600,985
Central	870,805	488,919
Operations of non-instructional services		
Food service operations	1,759,914	1,744,589
Other non-instructional services	276,252	346,870
Extracurricular activities	1,685,645	1,606,293
Interest and fiscal charges	<u>1,379,100</u>	<u>1,425,019</u>
Total expenses	<u>47,415,418</u>	<u>47,855,408</u>
Change in net assets	(2,203,652)	6,718,144
Net assets at beginning of year	<u>23,435,365</u>	<u>16,717,221</u>
Net assets at end of year	<u><u>\$ 21,231,713</u></u>	<u><u>\$ 23,435,365</u></u>

Governmental Activities

Net assets of the District's governmental activities decreased \$2,203,652. Total governmental expenses of \$47,415,418 were offset only partially by program revenues of \$5,378,904, and general revenues of \$39,832,862. Program revenues supported 11.34% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, school district income taxes, grants and entitlements and payments in lieu of taxes. These four sources of revenue total \$39,659,612 and represent 87.72% of total governmental revenue. Real estate property is reappraised every six years.

Property tax revenue decreased approximately \$8.017 million from 2011. This is due primarily to a smaller amount of property tax advances held by the county auditor at June 30, 2012 compared to June 30, 2011.

Operating grants and contributions decreased approximately \$1.368 million from 2011. This is primarily due to the end of Federal Stimulus funding after fiscal year 2011.

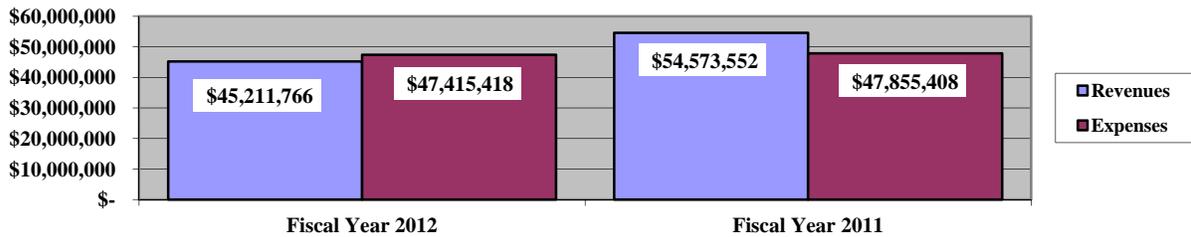
**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Expenses decreased approximately \$440,000 from 2011.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2012 and 2011.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2012 compared to 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

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

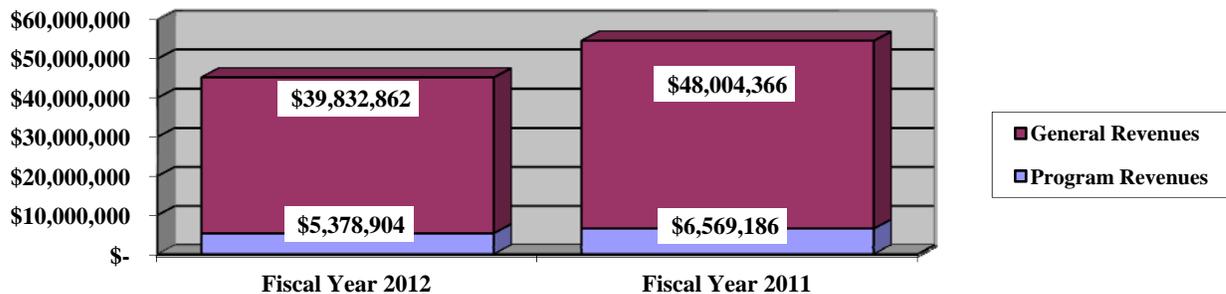
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
Program expenses:				
Instruction:				
Regular	\$ 23,398,016	\$ 22,655,303	\$ 23,962,866	\$ 22,895,116
Special	4,958,544	3,858,248	4,743,191	3,663,898
Vocational	93,713	72,099	100,718	79,104
Support services:				
Pupil	2,464,068	2,324,214	2,906,898	2,189,110
Instructional staff	683,682	545,376	678,413	525,066
Board of Education	33,279	33,279	47,484	47,484
Administration	3,118,448	3,108,848	3,133,511	3,123,911
Fiscal	957,231	954,831	911,567	909,167
Business	47,437	47,437	54,830	54,830
Operations and maintenance	4,015,075	3,924,279	4,103,255	3,539,628
Pupil transportation	1,674,209	1,618,407	1,600,985	1,546,803
Central	870,805	860,005	488,919	442,539
Operation of non-instructional services:				
Food service operations	1,759,914	(78,876)	1,744,589	50,078
Other non-instructional services	276,252	(11,531)	346,870	30,493
Extracurricular activities	1,685,645	745,495	1,606,293	763,976
Interest and fiscal charges	<u>1,379,100</u>	<u>1,379,100</u>	<u>1,425,019</u>	<u>1,425,019</u>
Total expenses	<u>\$ 47,415,418</u>	<u>\$ 42,036,514</u>	<u>\$ 47,855,408</u>	<u>\$ 41,286,222</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 93.45% of instruction activities, which total \$28,450,273, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 88.66%.

The graph below presents the District's general and program revenues for fiscal years 2012 and 2011.

Governmental Activities - General and Program Revenues



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$4,417,971, which is less than last year's total of \$8,018,078. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	<u>Fund Balance</u> <u>June 30, 2012</u>	<u>Fund Balance</u> <u>June 30, 2011</u>	<u>(Decrease)</u>
General	\$ 108,891	\$ 3,047,190	\$ (2,938,299)
Debt service	1,973,696	2,428,502	(454,806)
Other governmental	<u>2,335,384</u>	<u>2,542,386</u>	<u>(207,002)</u>
Total	<u>\$ 4,417,971</u>	<u>\$ 8,018,078</u>	<u>\$ (3,600,107)</u>

General Fund

The District's general fund balance decreased \$2,938,299. The schedule below provides detail on the revenues and expenditures of the general fund for fiscal years 2012 and 2011.

	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 23,129,827	\$ 29,220,268	(20.84) %
Tuition	452,996	419,149	8.08 %
Earnings on investments	10,071	14,706	(31.52) %
Intergovernmental	11,911,119	12,572,077	(5.26) %
Other revenues	<u>939,906</u>	<u>788,699</u>	19.17 %
Total	<u>\$ 36,443,919</u>	<u>\$ 43,014,899</u>	(15.28) %
	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 25,985,476	\$ 26,011,642	(0.10) %
Support services	12,356,840	11,682,178	5.78 %
Operation of non-instructional services	12,945	4,695	175.72 %
Extracurricular activities	<u>1,026,957</u>	<u>992,620</u>	3.46 %
Total	<u>\$ 39,382,218</u>	<u>\$ 38,691,135</u>	1.79 %

Revenues of the general fund decreased approximately \$6.571 million compared to fiscal year 2011. This is mainly due to a 20.84% decrease in tax revenues. The most significant reason for the decrease in tax revenues is due to the smaller amount of property tax advances held by the county auditor at June 30, 2012 compared to June 30, 2011. The other reason for the decrease is that intergovernmental revenue decreased due to the phase-out of the tangible personal property tax reimbursement received from the State. All other revenues remained comparable to fiscal year 2011.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Expenditures in the general fund increased approximately \$691,000 from fiscal year 2011. The main reason for the increase in expenditures is due to an increase in support services expenditures during fiscal year 2012 compared to fiscal year 2011.

Debt Service Fund

The debt service fund had \$2,739,058 in revenues and \$3,193,864 in expenditures. During fiscal year 2012, the debt service fund's fund balance decreased by \$454,806 from \$2,428,502 to \$1,973,696.

General Fund Budgeting Highlights

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

During the course of fiscal year 2012, the original and final budgeted revenues and other financing sources were \$39,317,037 and \$39,990,454, respectively. Actual revenues and other financing sources for fiscal year 2012 were \$39,438,015. Actual revenues and other financing sources were \$552,439 less than final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$39,352,779 were increased to \$39,614,193 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$39,154,612, which was \$459,581 less than the final budget appropriations.

Debt Administration and Capital Assets

Debt Administration

At June 30, 2012, the District had \$27,744,789 in general obligation bonds, \$343,913 in a lease purchase agreement and \$469,000 in OASBO notes payable. Of this total, \$2,279,117 is due within one year and \$26,278,585 is due in greater than one year. The following table summarizes the bonds, notes and lease obligations outstanding at June 30, 2012 and 2011.

Outstanding Debt, at Year End

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
General obligation bonds	\$ 27,744,789	\$ 29,534,996
Lease-purchase agreement	343,913	435,491
OASBO note payable	<u>469,000</u>	<u>528,000</u>
Total	<u>\$ 28,557,702</u>	<u>\$ 30,498,487</u>

At June 30, 2012, the District's overall legal debt margin was \$43,930,907 with an unvoted debt margin of \$760,846.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Capital Assets

At the end of fiscal 2012, the District had \$46,552,034 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The following table shows fiscal 2012 balances compared to 2011:

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2012</u>	<u>2011</u>
Land	\$ 3,567,821	\$ 3,602,269
Construction in progress	170,996	-
Land improvements	2,969,347	3,022,636
Building and improvements	37,630,326	38,358,439
Furniture and equipment	1,476,478	2,247,442
Vehicles	<u>737,066</u>	<u>730,383</u>
Total	<u>\$ 46,552,034</u>	<u>\$ 47,961,169</u>

Total additions to capital assets for 2012 were \$2,017,106 and total disposals were \$796,340 (net of accumulated depreciation). Depreciation recorded for the fiscal year totaled \$2,629,901.

The overall decrease in capital assets of \$1,409,135 is due to current year depreciation exceeding capital outlays for fiscal year 2012 and disposals of \$796,340 (net of accumulated depreciation).

During fiscal year 2012, the District increased its capitalized threshold from \$500 to \$2,500 and adjusted accumulated depreciation to properly report the useful lives of certain assets. These events reduced capital assets and are reported as a component of disposals.

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

Economic Conditions and Outlook

The District continues to see the effects of a lagging economy but also sees signs of economic growth as well. A District that traditionally prospers from the effects of residential and commercial real estate growth and a continuous increased income tax stream continued to experience the delayed effects of the stagnant atmosphere during the 2012 fiscal year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Historically, real estate values throughout the District, increased at an average rate of over three (3.25%) percent annually in a non triennial update or reappraisal year. Tax year 2011 saw the effects of a reappraisal. Not since 1982 has the District seen a decrease in overall valuation until this year. The total valuation for the District experienced an almost eight (7.98%) decrease. Agricultural values throughout the State were adjusted to reflect more accurate CAUV (Current Agricultural Land Use Values) values. District agricultural values increased almost fifty (49.14%) percent from 2010 values but since agricultural values represent only less than one (.79%) percent of the district's total valuation, the increase provided little relief to offset the loss of other valuations. The actual real estate collection did experience an increase due mainly to the increase established by the incremental levy designated to generate an additional \$593,184 annually. The results of this emergency levy originally approved by residents in May 2004 and renewed in November 2008 saw the intended effects diminish with the minimal valuation growth. The tax rate exceeded the estimated ceiling of 9.60 mills in tax year 2011 due to the emergency levy requirements of collecting the specified dollar amount of \$7,566,710.

The additional factor of the District being at the twenty mill floor and experiencing some revenue growth as a result of the valuation growth also saw reverse effects with a loss of approximately \$284,000 on inside millage. The dollars (\$7,566,710) generated from the emergency levy represented approximately twenty (19.19%) percent of the District's actual fiscal year 2012 revenue.

The District's income tax collection continues to be a valuable resource again impacting the operations of the District significantly in fiscal year 2012. The District, once again, experienced some growth in 2012 for the income tax collections. Historically the income tax has grown at an average rate of 4.49% over the past fourteen years. The rate of growth from 2010-2011 to 2011-12 was 10.83% or \$519,489. This increase helped offset the continual loss the District experienced in State funding. Budget adjustments continued throughout 2012 to offset revenue shortfalls. Overall revenue grew by a modest .42% for 2011-12 or \$166,545. The majority of that growth coming from the built-in increase associated with the incremental real estate collection. Staffing and contractual commitments made it very difficult to offset the needed shortfall within fiscal year 2012. Negotiations with certified and classified staff in the spring of 2011 resulted in salary freezes for the 2011-12 and 2012-13 fiscal years. Several other monetary issues were addressed as well allowing the District to work toward some financial stability. The community continues to grow and as a result creating a larger tax base of taxpaying residents but economic conditions has affected overall values of the homes and businesses that exist throughout the community.

The District continues to implement very aggressive measures to balance the budget and provide some financial stability. As the District moves forward into fiscal year 2014, the staff and administration prepare to return to the community to support the incremental property tax levy that expires in December 2012. Reliance on the State for financial support has become non-existent. Attempts will be made to ask the local community to replace funding that has been taken away by the state to be replaced with local tax dollars. With economic conditions as they are, the rate of revenue growth continues to be a concern.

The District's expenditure levels continue to be reviewed and scrutinized as well. The administration has managed to control the growth of expenditures levels to less than two (1.3%) percent over the past four years. This is an average of .26% per year. A more structured budgeting process has been developed and implemented. Board committees continue to be utilized in terms of the approval and implementation of various district programs and the costs associated with those programs. Retirements and the replacement of a more experienced work force with a new, less expensive staff has also kept expenditure levels down and will continue to be a primary focus as we move into future years. Proposed changes to STRS and SERS retirement programs will prompt more senior employees to retire prior to July 2015.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Instructional programs and curriculum adoptions have and will continue to be a primary focus of the District's administrative team. The curriculum area had a new leader for fiscal year 2009 and the implementation of a zero-based budget system had a significant impact on our budgets. Curriculum adoptions have been placed on hold for several years due to financial restraints. As the District moves forward with its financial planning, curriculum updates will have to find a place in the budget process. Costs for services for students with special needs continue to rise. This is such an uncontrollable cost. Court placed students with disabilities have a drastic impact on District finances. The District reviews these services on an annual basis to review their effectiveness for services and costs.

The District continues to grow in every aspect of economic development. Housing starts are up despite the lagging economy and evident as new subdivisions are platted and building continues throughout the District. Several apartment complexes have added students to already maximum building capacities. A strategic facilities committee met throughout the last year and has made recommendations to the board of education and administration as to how to address the over-crowding in the classrooms and buildings throughout the District.

Several tax abatements were negotiated over the last year with new companies and existing companies expanding operations throughout the District. It is evident that the economy has had its effect on the ability for companies to expand at this time. Several of the tax abatements were revised due to the elimination of the tangible personal property taxes and the fact that these businesses were no longer required to pay the tangible taxes.

The Chamber of Commerce continues to be very fruitful in its efforts to promote local businesses and to retain the interest that the downtown and surrounding area has always had, which is a small town atmosphere with all of the amenities.

Contacting the District's Financial Management

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 6,918,318
Receivables:	
Property taxes	26,866,485
Income taxes.	2,493,256
Payment in lieu of taxes	238,724
Accounts.	7,743
Intergovernmental	271,999
Prepayments	24,044
Materials and supplies inventory.	20,296
Unamortized bond issuance costs	113,833
Capital assets:	
Land and construction in progress.	3,738,817
Depreciable capital assets, net.	42,813,217
Capital assets, net	<u>46,552,034</u>
 Total assets.	 <u>83,506,732</u>
 Liabilities:	
Accounts payable.	160,087
Accrued wages and benefits	4,598,696
Pension obligation payable.	936,071
Intergovernmental payable	184,255
Accrued interest payable	91,064
Unearned revenue	23,534,032
Claims payable.	443,700
Long-term liabilities:	
Due within one year.	2,870,907
Due in more than one year.	29,456,207
 Total liabilities	 <u>62,275,019</u>
 Net assets:	
Invested in capital assets, net of related debt.	19,219,130
Restricted for:	
Capital projects	956,371
Debt service.	1,941,231
Locally funded programs	18,097
State funded programs.	36,738
Federally funded programs	50,752
Student activities	396,916
Other purposes	199,418
Unrestricted (deficit).	<u>(1,586,940)</u>
 Total net assets	 <u>\$ 21,231,713</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 23,398,016	\$ 676,232	\$ 66,481	\$ -	\$ (22,655,303)
Special	4,958,544	47,140	1,053,156	-	(3,858,248)
Vocational	93,713	-	21,614	-	(72,099)
Support services:					
Pupil.	2,464,068	-	139,854	-	(2,324,214)
Instructional staff	683,682	-	138,306	-	(545,376)
Board of education	33,279	-	-	-	(33,279)
Administration.	3,118,448	-	9,600	-	(3,108,848)
Fiscal.	957,231	-	2,400	-	(954,831)
Business.	47,437	-	-	-	(47,437)
Operations and maintenance	4,015,075	84,382	6,414	-	(3,924,279)
Pupil transportation.	1,674,209	-	55,802	-	(1,618,407)
Central	870,805	-	10,800	-	(860,005)
Operation of non-instructional services:					
Food service operations	1,759,914	1,424,345	414,445	-	78,876
Other non-instructional services	276,252	-	287,783	-	11,531
Extracurricular activities.	1,685,645	874,351	33,897	31,902	(745,495)
Interest and fiscal charges	1,379,100	-	-	-	(1,379,100)
Totals	<u>\$ 47,415,418</u>	<u>\$ 3,106,450</u>	<u>\$ 2,240,552</u>	<u>\$ 31,902</u>	<u>(42,036,514)</u>
General revenues:					
Property taxes levied for:					
General purposes					17,720,520
Debt service.					2,382,657
Capital outlay.					1,363,348
Income taxes levied for:					
General purposes					5,462,416
Payments in lieu of taxes.					463,995
Grants and entitlements not restricted					
to specific programs					12,266,676
Investment earnings					10,071
Miscellaneous					163,179
Total general revenues					39,832,862
Change in net assets					(2,203,652)
Net assets at beginning of year.					23,435,365
Net assets at end of year					\$ 21,231,713

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents. . .	\$ 1,352,624	\$ 1,649,533	\$ 2,299,580	\$ 5,301,737
Receivables:				
Property taxes.	22,282,945	3,006,231	1,577,309	26,866,485
Income taxes	2,493,256	-	-	2,493,256
Payment in lieu of taxes	-	-	238,724	238,724
Accounts	7,743	-	-	7,743
Interfund loans	4,499	-	-	4,499
Intergovernmental.	1,213	-	270,786	271,999
Prepayments.	21,752	-	2,292	24,044
Materials and supplies inventory.	-	-	20,296	20,296
Restricted assets:				
Equity in pooled cash and cash equivalents. .	1,270	-	-	1,270
Total assets	<u>\$ 26,165,302</u>	<u>\$ 4,655,764</u>	<u>\$ 4,408,987</u>	<u>\$ 35,230,053</u>
Liabilities:				
Accounts payable	\$ 70,797	\$ -	\$ 89,290	\$ 160,087
Accrued wages and benefits.	4,277,714	-	320,982	4,598,696
Compensated absences payable	368,733	-	-	368,733
Early retirement incentive payable	96,060	-	-	96,060
Interfund loans payable.	-	-	4,499	4,499
Pension obligation payable	852,347	-	83,724	936,071
Intergovernmental payable	174,180	-	10,075	184,255
Deferred revenue	815,041	57,309	57,299	929,649
Unearned revenue.	19,401,539	2,624,759	1,507,734	23,534,032
Total liabilities.	<u>26,056,411</u>	<u>2,682,068</u>	<u>2,073,603</u>	<u>30,812,082</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	20,296	20,296
Prepays	21,752	-	2,292	24,044
Restricted:				
Debt service	-	1,973,696	-	1,973,696
Capital improvements	-	-	923,866	923,866
Extracurricular	-	-	397,446	397,446
Food service operations	-	-	284,849	284,849
Non-public schools	-	-	29,982	29,982
Special education	-	-	9,328	9,328
Targeted academic assistance	-	-	16,545	16,545
School bus purchases.	1,270	-	-	1,270
Other purposes.	-	-	40,333	40,333
Committed:				
Capital improvements	-	-	610,447	610,447
Other purposes.	11,000	-	-	11,000
Assigned:				
Student and staff support.	74,869	-	-	74,869
Total fund balances	<u>108,891</u>	<u>1,973,696</u>	<u>2,335,384</u>	<u>4,417,971</u>
Total liabilities and fund balances	<u>\$ 26,165,302</u>	<u>\$ 4,655,764</u>	<u>\$ 4,408,987</u>	<u>\$ 35,230,053</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012

Total governmental fund balances		\$ 4,417,971
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		46,552,034
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 548,876	
Income taxes receivable	355,979	
Payment in lieu of taxes receivable	15,430	
Intergovernmental receivable	9,364	
Total	929,649	929,649
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.		1,171,611
Unamortized bond issuance costs are not recognized in the funds.		113,833
Unamortized premiums on bond issuances are not recognized in the funds.		(257,813)
Unamortized deferred charges are not recognized in the funds.		142,932
In the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued when due.		(91,064)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(27,744,789)	
Lease purchase agreement	(343,913)	
Compensated absences	(3,154,724)	
Early retirement incentive	(35,014)	
OASBO note payable	(469,000)	
Total	(31,747,440)	(31,747,440)
Net assets of governmental activities		\$ 21,231,713

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 17,683,869	\$ 2,379,590	\$ 1,363,389	\$ 21,426,848
Income taxes	5,445,958	-	-	5,445,958
Payment in lieu of taxes	183,284	-	320,281	503,565
Tuition	452,996	-	5,250	458,246
Earnings on investments	10,071	-	-	10,071
Charges for services	-	-	1,424,345	1,424,345
Extracurricular	248,146	-	540,080	788,226
Classroom materials and fees	203,265	-	-	203,265
Other local revenues	305,211	-	199,763	504,974
Intergovernmental - intermediate	-	-	10,698	10,698
Intergovernmental - state	11,911,119	359,468	679,703	12,950,290
Intergovernmental - federal	-	-	2,037,666	2,037,666
Total revenues	<u>36,443,919</u>	<u>2,739,058</u>	<u>6,581,175</u>	<u>45,764,152</u>
Expenditures:				
Current:				
Instruction:				
Regular	22,133,548	-	246,371	22,379,919
Special	3,764,861	-	975,488	4,740,349
Vocational	87,067	-	-	87,067
Support services:				
Pupil	2,159,610	-	278,533	2,438,143
Instructional staff	530,172	-	134,692	664,864
Board of education	31,928	-	-	31,928
Administration	3,015,082	-	9,600	3,024,682
Fiscal	860,266	38,918	25,020	924,204
Business	46,182	-	-	46,182
Operations and maintenance	3,785,872	-	39,883	3,825,755
Pupil transportation	1,493,991	-	105,769	1,599,760
Central	433,737	-	341,921	775,658
Operation of non-instructional services:				
Food service operations	-	-	1,697,256	1,697,256
Other non-instructional services	12,945	-	271,222	284,167
Extracurricular activities	1,026,957	-	646,244	1,673,201
Facilities acquisition and construction	-	-	1,868,032	1,868,032
Debt service:				
Principal retirement	-	2,050,000	150,578	2,200,578
Interest and fiscal charges	-	1,104,946	19,293	1,124,239
Total expenditures	<u>39,382,218</u>	<u>3,193,864</u>	<u>6,809,902</u>	<u>49,385,984</u>
Excess of expenditures over revenues	<u>(2,938,299)</u>	<u>(454,806)</u>	<u>(228,727)</u>	<u>(3,621,832)</u>
Other financing sources:				
Sale of capital assets	-	-	21,725	21,725
Total other financing sources	-	-	21,725	21,725
Net change in fund balances	(2,938,299)	(454,806)	(207,002)	(3,600,107)
Fund balances at beginning of year	<u>3,047,190</u>	<u>2,428,502</u>	<u>2,542,386</u>	<u>8,018,078</u>
Fund balances at end of year	<u>\$ 108,891</u>	<u>\$ 1,973,696</u>	<u>\$ 2,335,384</u>	<u>\$ 4,417,971</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds	\$	(3,600,107)
<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. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 2,017,106	
Current year depreciation	<u>(2,629,901)</u>	
Total		(612,795)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(796,340)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	39,677	
Income taxes	16,458	
Payment in lieu of taxes	(39,570)	
Other local revenue	(4,639)	
Intergovernmental	<u>(564,312)</u>	
Total		(552,386)
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		2,200,578
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	4,772	
Accreted interest on capital appreciation bonds	(259,793)	
Amortization of bond issuance costs	(17,771)	
Amortization of bond premiums	38,700	
Amortization of deferred charges	<u>(20,769)</u>	
Total		(254,861)
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.		
Early retirement incentives	96,060	
Compensated absences	<u>307,738</u>	
Total		403,798
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>1,008,461</u>
Change in net assets of governmental activities	\$	<u><u>(2,203,652)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 21,966,932	\$ 21,612,933	\$ 21,314,366	\$ (298,567)
Income taxes.	4,937,251	5,386,913	5,312,496	(74,417)
Payments in lieu of taxes.	168,196	185,851	183,284	(2,567)
Tuition.	495,950	452,723	446,469	(6,254)
Earnings on investments	20,000	10,265	10,123	(142)
Extracurricular.	-	72,681	71,677	(1,004)
Other local revenues	123,500	187,221	184,635	(2,586)
Intergovernmental - state	11,605,208	12,077,967	11,911,119	(166,848)
Total revenues	<u>39,317,037</u>	<u>39,986,554</u>	<u>39,434,169</u>	<u>(552,385)</u>
Expenditures:				
Current:				
Instruction:				
Regular	21,685,517	21,829,570	21,922,179	(92,609)
Special.	3,840,905	3,866,419	3,869,451	(3,032)
Vocational.	90,621	91,223	87,159	4,064
Support services:				
Pupil.	2,260,930	2,275,949	2,170,550	105,399
Instructional staff	592,573	596,509	541,558	54,951
Board of education	42,577	42,860	36,992	5,868
Administration.	2,982,927	3,002,742	3,030,843	(28,101)
Fiscal	854,558	860,235	861,349	(1,114)
Business	52,342	52,690	54,541	(1,851)
Operations and maintenance.	4,160,564	4,188,202	3,822,273	365,929
Pupil transportation	1,538,387	1,548,606	1,497,479	51,127
Central.	453,013	456,022	455,094	928
Other non-instructional services	4,710	4,742	4,848	(106)
Extracurricular activities.	793,155	798,424	799,369	(945)
Total expenditures	<u>39,352,779</u>	<u>39,614,193</u>	<u>39,153,685</u>	<u>460,508</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(35,742)</u>	<u>372,361</u>	<u>280,484</u>	<u>(91,877)</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	173	170	(3)
Advances in.	-	3,727	3,676	(51)
Advances (out)	-	-	(927)	(927)
Total other financing sources (uses)	<u>-</u>	<u>3,900</u>	<u>2,919</u>	<u>(981)</u>
Net change in fund balance	(35,742)	376,261	283,403	(92,858)
Fund balance at beginning of year.	584,403	584,403	584,403	-
Prior year encumbrances appropriated	81,416	81,416	81,416	-
Fund balance at end of year	<u>\$ 630,077</u>	<u>\$ 1,042,080</u>	<u>\$ 949,222</u>	<u>\$ (92,858)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 1,615,311
Total assets.	<u>1,615,311</u>
Liabilities:	
Claims payable	<u>443,700</u>
Total liabilities	<u>443,700</u>
Net assets:	
Unrestricted.	<u>1,171,611</u>
Total net assets	<u><u>\$ 1,171,611</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services.	\$ 5,030,851
Total operating revenues	<u>5,030,851</u>
Operating expenses:	
Purchased services.	350,771
Claims	<u>3,671,619</u>
Total operating expenses.	<u>4,022,390</u>
Change in net assets.	1,008,461
Net assets at beginning of year	<u>163,150</u>
Net assets at end of year.	<u><u>\$ 1,171,611</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 5,030,851
Cash payments for purchased services	(350,771)
Cash payments for claims	<u>(3,700,219)</u>
Net cash provided by operating activities	<u>979,861</u>
Net increase in cash and cash cash equivalents	979,861
Cash and cash equivalents at beginning of year . . .	<u>635,450</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,615,311</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,008,461
Changes in assets and liabilities: Decrease in claims payable	<u>(28,600)</u>
Net cash provided by operating activities.	<u><u>\$ 979,861</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 391,600	\$ 101,389
Prepayments	<u>-</u>	<u>117</u>
Total assets.	<u>391,600</u>	<u>\$ 101,506</u>
Liabilities:		
Intergovernmental payable	\$ -	\$ 11
Due to students.	<u>-</u>	<u>101,495</u>
Total liabilities	<u>-</u>	<u>\$ 101,506</u>
Net assets:		
Held in trust for scholarships	<u>391,600</u>	
Total net assets	<u>\$ 391,600</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Additions:	
Interest.	\$ 745
Gifts and contributions.	3,401
Total additions.	4,146
Deductions:	
Scholarships awarded	6,906
Change in net assets.	(2,760)
Net assets at beginning of year	394,360
Net assets at end of year.	\$ 391,600

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

It currently operates 4 elementary schools, 1 junior high school, and 1 comprehensive high school. The District employs 19 administrators, 167 non-certified and 291 certified full-time and part-time employees to provide services to approximately 4,811 students and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)

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

Penta Career Center

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

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

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

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

D. Basis of Accounting

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2012, have also been reported as deferred revenue.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

E. Budgets

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Wood County Budget Commission for rate determination. The Wood County Budget Commission waived the tax budget filing requirement for fiscal year 2012.

Estimated Resources:

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

Appropriations:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

F. Cash and Cash Equivalents

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

During fiscal year 2012, investments were limited to investments in repurchase agreements and the State Treasury Asset Reserve of Ohio (STAR Ohio).

The District had invested funds in STAR Ohio during fiscal year 2012. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2012.

Under existing Ohio statutes all investment earning are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$10,071, which includes \$8,776 assigned from other District funds.

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

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

G. Inventory

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

H. Prepaids

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

I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. During fiscal year 2012, the District implemented a capital asset policy that changed its capitalization threshold from \$500 to \$2,500 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

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

J. Interfund Balances

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

K. Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the 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 expected to be converted to cash.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Restricted - Fund balance is reported as restricted 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.

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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund 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 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 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 contained 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 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. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts for school bus purchases. See Note 19 for details.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

O. Net Assets

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

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

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Parochial School

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

R. Unamortized Issuance Costs/Bond Premiums/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refunds resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on Hand

At fiscal year end, the District had \$12,705 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2012, the carrying amount of all District deposits was \$6,663,482, exclusive of the repurchase agreement reported in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$6,297,362 of the District's bank balance of \$7,183,638 was exposed to custodial risk as discussed below, while \$886,276 was covered by the FDIC.

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

C. Investments

<u>Investment type</u>	<u>Fair Value</u>	Investment maturities <u>6 months or less</u>
Repurchase agreements	\$ 714,860	\$ 714,860
STAR Ohio	<u>20,260</u>	<u>20,260</u>
	<u>\$ 735,120</u>	<u>\$ 735,120</u>

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities that underlie the repurchase agreements were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The 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 District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The 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 District at June 30, 2012:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
Repurchase agreements	\$ 714,860	97.24
STAR Ohio	<u>20,260</u>	<u>2.76</u>
Total investments	<u>\$ 735,120</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,663,482
Investments	735,120
Cash on hand	<u>12,705</u>
Total	<u>\$ 7,411,307</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 6,918,318
Private-purpose trust fund	391,600
Agency funds	<u>101,389</u>
Total	<u>\$ 7,411,307</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2012 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 4,499

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

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

NOTE 6 - PROPERTY TAXES

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, 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.

The District receives property taxes from Wood County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$2,425,664 in the general fund, \$324,163 in the debt service fund, and \$183,058 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$6,056,161 in the general fund, \$844,627 in the debt service fund, and \$506,771 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, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 816,418,840	98.74	\$ 749,380,420	98.50
Public utility personal	<u>10,439,070</u>	<u>1.26</u>	<u>11,465,730</u>	<u>1.50</u>
Total	<u>\$ 826,857,910</u>	<u>100.00</u>	<u>\$ 760,846,150</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 64.73		\$ 66.50	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 7 - INCOME TAXES

In 1991, the voters of the District passed a .5% school income tax on wages earned by residents of the District. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and totaled \$5,445,958 on the governmental fund financial statements during fiscal year 2012.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2012 consisted of property taxes, school district income taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Property taxes	\$ 26,866,485
School district income tax	2,493,256
Payments in lieu of taxes	238,724
Intergovernmental	271,999
Accounts	<u>7,743</u>
Total	<u>\$ 29,878,207</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 9 - CAPITAL ASSETS

During fiscal year 2012, the District increased its capitalization threshold from \$500 to \$2,500 and adjusted accumulated depreciation to properly report the useful lives of certain assets. The effects of these events are reported as “deductions” in the capital asset schedule below. Capital asset activity for fiscal year 2012 is as follows:

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2012</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,602,269	\$ -	\$ (34,448)	\$ 3,567,821
Construction in progress	<u>-</u>	<u>170,996</u>	<u>-</u>	<u>170,996</u>
Total capital assets, not being depreciated	<u>3,602,269</u>	<u>170,996</u>	<u>(34,448)</u>	<u>3,738,817</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	6,451,356	446,608	(33,350)	6,864,614
Buildings and improvements	65,396,899	1,057,379	(80,242)	66,374,036
Furniture and equipment	8,130,152	203,370	(2,583,329)	5,750,193
Vehicles	<u>2,987,531</u>	<u>138,753</u>	<u>(2,495)</u>	<u>3,123,789</u>
Total capital assets, being depreciated	<u>82,965,938</u>	<u>1,846,110</u>	<u>(2,699,416)</u>	<u>82,112,632</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(3,428,720)	(490,889)	24,342	(3,895,267)
Buildings and improvements	(27,038,460)	(1,736,169)	30,919	(28,743,710)
Furniture and equipment	(5,882,710)	(271,473)	1,880,468	(4,273,715)
Vehicles	<u>(2,257,148)</u>	<u>(131,370)</u>	<u>1,795</u>	<u>(2,386,723)</u>
Total accumulated depreciation	<u>(38,607,038)</u>	<u>(2,629,901)</u>	<u>1,937,524</u>	<u>(39,299,415)</u>
Depreciable capital assets, net	<u>44,358,900</u>	<u>(783,791)</u>	<u>(761,892)</u>	<u>42,813,217</u>
Governmental activities capital assets, net	<u>\$ 47,961,169</u>	<u>\$ (612,795)</u>	<u>\$ (796,340)</u>	<u>\$ 46,552,034</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 1,508,638
Special	151,433
Vocational	6,646

Support services:

Pupil	155,152
Instructional staff	29,476
Board of education	1,351
Administration	178,211
Fiscal	25,614
Business	1,569
Operations and maintenance	162,729
Pupil transportation	131,370
Central	118,963

Operation of non-instructional services:

Food service operations	90,210
Other non-instructional services	3,521
Extracurricular activities	<u>65,018</u>
Total depreciation expense	<u>\$ 2,629,901</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 10 - LONG-TERM OBLIGATIONS

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

	Balance Outstanding <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2012</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
<u>General obligation bonds:</u>					
1999B school improvement bonds	\$ 4,170,000	\$ -	\$ -	\$ 4,170,000	\$ 1,225,000
2004 advance refunding bonds					
Current interest bonds	2,125,000	-	(675,000)	1,450,000	-
Capital appreciation bonds	530,000	-	-	530,000	275,000
Accreted interest	631,301	122,182	-	753,483	395,998
2006 advance refunding bonds					
Current interest bonds	8,950,000	-	(170,000)	8,780,000	170,000
Capital appreciation bonds	69,995	-	-	69,995	-
Accreted interest	152,221	64,544	-	216,765	-
2007 advance refunding bonds					
Current interest bonds	8,715,000	-	(50,000)	8,665,000	50,000
Capital appreciation bonds	164,993	-	-	164,993	-
Accreted interest	179,340	62,117	-	241,457	-
2011 advance refunding bonds					
Current interest bonds	3,795,000	-	(1,155,000)	2,640,000	20,000
Capital appreciation bonds	48,955	-	-	48,955	-
Accreted interest	3,191	10,950	-	14,141	-
Total general obligation bonds payable	<u>29,534,996</u>	<u>259,793</u>	<u>(2,050,000)</u>	<u>27,744,789</u>	<u>2,135,998</u>
<u>Other long-term obligations:</u>					
OASBO note payable	528,000	-	(59,000)	469,000	61,000
Lease purchase agreement	435,491	-	(91,578)	343,913	82,119
Early retirement incentive	214,425	-	(83,351)	131,074	96,060
Compensated absences	3,808,587	393,977	(679,107)	3,523,457	495,730
Total other long-term obligations	<u>4,986,503</u>	<u>393,977</u>	<u>(913,036)</u>	<u>4,467,444</u>	<u>734,909</u>
Total long-term obligations governmental activities	<u>\$ 34,521,499</u>	<u>\$ 653,770</u>	<u>\$ (2,963,036)</u>	32,212,233	<u>\$ 2,870,907</u>
Unamortized premium on bonds				257,813	
Deferred charges in refunding bonds				(142,932)	
Total on statement of net assets				<u>\$ 32,327,114</u>	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Series 1999B general obligation bonds: On April 1, 1999, the District issued general obligation bonds for the purpose of constructing, renovating, remodeling, adding to, furnishing, equipping and otherwise improving District buildings and facilities and acquiring, improving and equipping real estate and interests for District purposes. The issue is made up of serial and term bonds, bears interest rates ranging from 3.20-5.00% and matures on December 1, 2014. On December 20, 2006, the District issued \$8,570,000 (series 2006 advance refunding general obligation bonds) to advance refund the callable portion of the bonds. On January 24, 2007, the District issued \$8,965,000 (series 2007 advance refunding general obligation bonds) to advance refund the callable portion of the bonds. On February 2, 2011, the District issued \$3,795,000 (series 2011 advance refunding general obligation bonds) to advance refund the remaining callable portion of the bonds. The refunded portions of the series 1999B bonds included portions of the serial bonds and the entire amount of the term bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

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

At June 30, 2012, the refunding issue is comprised of both current interest bonds, par value \$1,450,000, and capital appreciation bonds, par value \$530,000. The interest rate on the current interest bonds ranges from 2.00-4.00%. The capital appreciation bonds mature December 1, 2012 (approximate initial offering yield to maturity 4.10%) and December 1, 2013 (approximate initial offering yield to maturity 4.20%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,405,000. Total accreted interest of \$753,483 has been included in the statement of net assets.

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

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

At June 30, 2012, the refunding issue is comprised of both current interest bonds, par value \$8,780,000, and capital appreciation bonds, par value \$69,995. The interest rate on the current interest bonds ranges from 3.50-4.00%. The capital appreciation bonds mature December 1, 2016 (approximate initial offering yield to maturity 3.83%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$885,000. Total accreted interest of \$216,765 has been included in the statement of net assets.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

At June 30, 2012, the refunding issue is comprised of both current interest bonds, par value \$8,665,000, and capital appreciation bonds, par value \$164,933. The interest rate on the current interest bonds ranges from 3.75-4.25%. The capital appreciation bonds mature December 1, 2015 (approximate initial offering yield to maturity 3.95%) and December 1, 2016 (approximate initial offering yield to maturity 4.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$790,000. Total accreted interest of \$241,457 has been included in the statement of net assets.

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

Series 2011 advance refunding general obligation bonds: On February 2, 2011, the District issued general obligation bonds to advance refund a portion of the series 1999B general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

At June 30, 2012, the refunding issue is comprised of both current interest bonds, par value \$2,640,000, and capital appreciation bonds, par value \$48,955. The interest rate on the current interest bonds ranges from 2.00-3.00%. The capital appreciation bonds mature on December 1, 2017 (approximate initial offering yield to maturity 3.31%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$180,000. Total accreted interest of \$14,141 has been included in the statement of net assets.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2017.

The reacquisition price exceeded the net carrying amount of the old debt by \$47,546. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

OASBO note payable: On August 13, 2009, the District entered into a note agreement in the amount of \$655,000, with the Ohio Association of School Business Officials' (OASBO) Expanded Asset Pooled Financing Program to finance the cost of installing a new artificial turf and related appurtenance at the high school stadium and renovating, reconstructing and otherwise improving the Commodore building. The annual payments are made from the building fund (a nonmajor governmental fund). At June 30, 2012, the District had outstanding borrowings of \$469,000.

Early retirement incentive: Early retirement incentives will be paid from the general fund (see Note 12.B. for details).

Lease purchase agreement: The lease purchase agreement will be paid from the permanent improvement fund, a nonmajor governmental fund (see Note 11 for details).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2012, are as follows:

Fiscal Year Ended	1999B School Improvement Bonds		
	Principal	Interest	Total
2013	\$ 1,225,000	\$ 204,556	\$ 1,429,556
2014	1,385,000	129,519	1,514,519
2015	1,560,000	44,850	1,604,850
Total	<u>\$ 4,170,000</u>	<u>\$ 378,925</u>	<u>\$ 4,548,925</u>

Fiscal Year Ended	2004 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ -	\$ 57,290	\$ 57,290	\$ 275,000	\$ 425,000	\$ 700,000
2014	-	57,590	57,590	255,000	450,000	705,000
2015	710,000	43,445	753,445	-	-	-
2016	740,000	14,800	754,800	-	-	-
Total	<u>\$ 1,450,000</u>	<u>\$ 173,125</u>	<u>\$ 1,623,125</u>	<u>\$ 530,000</u>	<u>\$ 875,000</u>	<u>\$ 1,405,000</u>

Fiscal Year Ended	2006 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 170,000	\$ 346,406	\$ 516,406	\$ -	\$ -	\$ -
2014	170,000	339,925	509,925	-	-	-
2015	175,000	333,456	508,456	-	-	-
2016	170,000	326,987	496,987	-	-	-
2017	-	323,800	323,800	69,995	815,005	885,000
2018 - 2022	660,000	1,552,800	2,212,800	-	-	-
2023 - 2026	7,435,000	741,100	8,176,100	-	-	-
Total	<u>\$ 8,780,000</u>	<u>\$ 3,964,474</u>	<u>\$ 12,744,474</u>	<u>\$ 69,995</u>	<u>\$ 815,005</u>	<u>\$ 885,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

2007 Advance Refunding Bonds						
Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 50,000	\$ 362,287	\$ 412,287	\$ -	\$ -	\$ -
2014	50,000	360,288	410,288	-	-	-
2015	60,000	358,087	418,087	-	-	-
2016	-	356,887	356,887	71,374	238,626	310,000
2017	-	356,887	356,887	93,619	386,381	480,000
2018 - 2022	6,525,000	1,258,132	7,783,132	-	-	-
2023	1,980,000	42,075	2,022,075	-	-	-
Total	<u>\$ 8,665,000</u>	<u>\$ 3,094,643</u>	<u>\$ 11,759,643</u>	<u>\$ 164,993</u>	<u>\$ 625,007</u>	<u>\$ 790,000</u>

2011 Advance Refunding Bonds						
Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 20,000	\$ 67,037	\$ 87,037	\$ -	\$ -	\$ -
2014	20,000	66,638	86,638	-	-	-
2015	20,000	66,238	86,238	-	-	-
2016	1,515,000	48,994	1,563,994	-	-	-
2017	-	31,950	31,950	-	-	-
2018	1,065,000	15,975	1,080,975	48,955	131,045	180,000
Total	<u>\$ 2,640,000</u>	<u>\$ 296,832</u>	<u>\$ 2,936,832</u>	<u>\$ 48,955</u>	<u>\$ 131,045</u>	<u>\$ 180,000</u>

OASBO Note Payable			
Fiscal Year Ended	Principal	Interest	Total
2013	\$ 61,000	\$ 14,470	\$ 75,470
2014	62,000	12,441	74,441
2015	65,000	10,346	75,346
2016	67,000	8,167	75,167
2017	69,000	5,923	74,923
2018 - 2019	145,000	4,835	149,835
Total	<u>\$ 469,000</u>	<u>\$ 56,182</u>	<u>\$ 525,182</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$43,930,907 (including available funds of \$1,973,696) and an unvoted debt margin of \$760,846.

NOTE 11 - LEASE PURCHASE AGREEMENT

During fiscal year 2011, the District entered into a capital lease for the acquisition of communications equipment. This lease meets the criteria of a capital lease as defined by generally accepted accounting principles which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee at the conclusion of the lease term. At inception, the leases was accounted for as an other financing source and a capital outlay expenditure in the permanent improvement fund, a nonmajor governmental fund. Capital lease payments are reclassified and shown as debt service expenditures in the permanent improvement fund, a nonmajor governmental fund.

The general capital assets acquired by this capital lease has been capitalized in the governmental activities on the statement of net assets in the amount of \$463,381, which is equal to the present value of the future minimum lease payments as of the date of their inception in addition to a \$27,890 promotional discount paid to the lessor by the manufacturer of the communication equipment. Accumulated depreciation as of June 30, 2012 was \$62,556, leaving a current book value of \$354,487 (net of a salvage value of \$46,338). A corresponding liability has been recorded in the governmental activities on the statement of net assets.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2012.

<u>Fiscal Year</u>	<u>Payments</u>
2013	\$ 92,676
2014	92,676
2015	92,676
2016	<u>92,676</u>
Total minimum lease payments	370,704
Less: amount representing interest	<u>(26,791)</u>
Present value of minimum lease payments	<u>\$ 343,913</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Early Retirement Incentive

During fiscal year 2006, the District offered an early retirement incentive to employees which consist of annual payments of \$5,000 for a period of five years plus reimbursement of health care premium costs not to exceed \$5,000 per year for a period of five years. The liabilities related to the reimbursement of health care premium costs have been recorded at their net present value using a discount rate of 4.00%. As of June 30, 2012, 20 employees are participating in the early retirement incentive. A current liability of \$96,060 has been reported in the general fund. The early retirement incentive liability of \$131,074 is reported on the statement of net assets.

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

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

B. Workers' Compensation Rating Program

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 13 - RISK MANAGEMENT - (Continued)

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

The District has established an internal service “self-insurance” fund, in conjunction with a formalized risk management program, in an effort to minimize risk exposure and control claims and premium costs.

This self-insurance fund was established for the purpose of accumulating balances sufficient to self-insure basic medical coverage and permit excess umbrella coverage for claims over a pre-determined level. Board and employee premium contributions are determined by negotiated agreement. Amounts are paid into this fund from the general fund and certain nonmajor governmental funds. Claims payments are made on an as-incurred basis, thus no “reserve” remains with the insurance carrier.

Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment assumptions as determined by the third party administrator. These liabilities are reported at their present value of \$443,700 at June 30, 2012 and are based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling claims. Interfund premiums are based primarily upon the insured funds’ claims experience and are reported as quasi-external interfund transactions.

Changes in claims activity for the 2012 and 2011 fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2012	\$ 472,300	\$ 3,671,619	\$ (3,700,219)	\$ 443,700
2011	63,252	4,448,613	(4,039,565)	472,300

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$636,490, \$616,469 and \$704,844, respectively; 61.18 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. State Teachers Retirement System of Ohio

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 14 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$2,696,972, \$2,753,900 and \$2,757,490, respectively; 82.09 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$124,912 made by the District and \$89,223 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$102,531, \$156,291 and \$104,264, respectively; 61.18 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$37,588, \$39,671 and \$41,916, respectively; 61.18 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$207,459, \$211,838 and \$212,115, respectively; 82.09 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to 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	\$ 283,403
Net adjustment for revenue accruals	(3,491,837)
Net adjustment for expenditure accruals	168,935
Net adjustment for other sources/uses	757
Funds budgeted elsewhere	(29,425)
Adjustment for encumbrances	129,868
GAAP basis	<u>\$ (2,938,299)</u>

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, the staff rotary fund, the learning day by day fund, the rotary services fund, the underground storage tank fund and the public school support fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 17 - CONTINGENCIES

A. Grants and ADM

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

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

NOTE 18 - OTHER COMMITMENTS

The 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 District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Encumbrances</u>
General fund	\$ 131,582
Other governmental	<u>959,382</u>
Total	<u>\$ 1,090,964</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 19 - SET-ASIDES

The 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 Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	794,684
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(1,978,458)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (1,183,774)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

In addition to the above statutory set-asides, the District had \$1,270 in monies restricted for school bus purchases.

SUPPLEMENTARY DATA

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Child Nutrition Grant Cluster:				
(D) (E) School Breakfast Program	10.553	2012	\$ 8,009	\$ 8,009
Total School Breakfast Program			<u>8,009</u>	<u>8,009</u>
(D) (E) National School Lunch Program	10.555	2012	304,934	304,934
(C) (D) National School Lunch Program - Food Donation	10.555	2012	92,231	92,231
Total National School Lunch Program			<u>397,165</u>	<u>397,165</u>
Total U.S. Department of Agriculture and Child Nutrition Grant Cluster			<u>405,174</u>	<u>405,174</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Title I Grants to Local Educational Agencies	84.010	2011	8,575	15,964
Title I Grants to Local Educational Agencies	84.010	2012	107,481	102,502
Total Title I Grants to Local Educational Agencies			<u>116,056</u>	<u>118,466</u>
Special Education Grant Cluster:				
(F) Special Education Grants to States	84.027	2011	106,552	141,188
(F) Special Education Grants to States	84.027	2012	677,108	631,015
Total Special Education Grants to States			<u>783,660</u>	<u>772,203</u>
(F) ARRA - Special Education Grants to States, Recovery Act	84.391	2011	66,641	83,829
Total Special Education Grant Cluster			<u>850,301</u>	<u>856,032</u>
Educational Technology State Grants	84.318	2011	89	36
Educational Technology State Grants	84.318	2012	100	76
Total Educational Technology State Grants			<u>189</u>	<u>112</u>
(G) Education Jobs	84.410	2011	(2,434)	2,477
(G) Education Jobs	84.410	2012	324,423	323,835
Total Education Jobs			<u>321,989</u>	<u>326,312</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act	84.395A	2011	2,285	4,373
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act	84.395A	2012	53,509	50,429
Total ARRA - (SFSF) - Race to the Top Incentive Grants, Recovery Act			<u>55,794</u>	<u>54,802</u>
English Language Acquisition Grants	84.365	2012	7,172	4,981
Improving Teacher Quality State Grants	84.367	2011	5,394	9,319
Improving Teacher Quality State Grants	84.367	2012	58,169	56,108
Total Improving Teacher Quality State Grants			<u>63,563</u>	<u>65,427</u>
Total U.S. Department of Education			<u>1,415,064</u>	<u>1,426,132</u>
Total Federal Financial Assistance			<u>\$ 1,820,238</u>	<u>\$ 1,831,306</u>

- (A) OAKS did not assign pass-through numbers for fiscal year 2012.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.
- (G) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2012, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Education Jobs	84.410	2011	\$ 2,434	
Education Jobs	84.410	2012		\$ 2,434
Totals			<u>\$ 2,434</u>	<u>\$ 2,434</u>



Julian & Grube, Inc.
Serving Ohio Local Governments

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

**Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

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

To the Members of the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Perrysburg Exempted Village School District's basic financial statements and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Board of Education
Perrysburg Exempted Village School District

Compliance and Other Matters

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

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

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

Julian & Grube, Inc.
December 21, 2012



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Compliance With Requirements Applicable to Each
Major Federal Program and on Internal Control Over Compliance
Required by OMB Circular A-133**

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

To the Board of Education:

Compliance

We have audited the compliance of the Perrysburg Exempted Village School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Perrysburg Exempted Village School District's major federal programs for the fiscal year ended June 30, 2012. The summary of auditor's results section of the accompanying schedule of findings identifies the Perrysburg Exempted Village School District's major federal programs. The Perrysburg Exempted Village School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Perrysburg Exempted Village School District's compliance based on our audit.

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

In our opinion, the Perrysburg Exempted Village School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

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

Board of Education
Perrysburg Exempted Village School District

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

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we report to the Perrysburg Exempted Village School District's management in a separate letter dated December 21, 2012.

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



Julian & Grube, Inc.
December 21, 2012

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Child Nutrition Grant Cluster: School Breakfast Program, CFDA #10.553 and National School Lunch Program, CFDA #10.555; Education Jobs, CFDA #84.410
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**2. FINDING RELATED TO THE BASIC 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

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2013**