

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

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2011***

SHERYL STEWART, TREASURER



Dave Yost • Auditor of State

Board of Education
Perry Local School District
4201 13th Street SW
Massillon, Ohio 44646

We have reviewed the *Independent Accountants' Report* of the Perry Local School District, Stark County, prepared by Julian & Grube, Inc., for the audit period July 1, 2010 through June 30, 2011. 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 Perry Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

March 13, 2012

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

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

Perry Local School District
4201 13th Street S. W.
Massillon, OH 44646

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 Perry Local School District, Stark County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Perry Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Perry Local 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 Perry Local School District, Stark County, Ohio, as of June 30, 2011, and the respective changes in financial position, 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.

As described in Note 3, during the fiscal year ended June 30, 2011, the Perry Local School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011, on our consideration of the Perry Local 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
Perry Local 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 Perry Local School District's basic financial statements taken as a whole. The Schedule of Receipts and Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and provides additional analysis 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 27, 2011

Perry Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The management's discussion and analysis of the Perry Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ◆ In total, net assets of governmental activities increased \$3,771,824.
- ◆ Revenues for governmental activities totaled \$50,774,350 in 2011. Of this total, \$40,520,000, or approximately 80 percent consisted of general revenues while program revenues accounted for the balance of \$10,254,260, or approximately 20 percent.
- ◆ The School District had \$47,002,526 in expenses related to governmental activities; only \$10,254,260 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$40,520,090 were adequate to provide for these programs.
- ◆ Program expenses totaled \$47,002,526. Instructional expenses made up \$25,675,070 or 55 percent of this total while support services accounted for \$17,653,586 or 37 percent. Other expenses, \$3,673,870 rounded out the remaining 8 percent.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Perry Local School District as a whole 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Perry Local School District, the general fund is by far the most significant fund.

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

Reporting the School 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 School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting basis used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities as well as food services.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The financial statements of the School District's major funds begins on page 14. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvement capital projects fund.

Governmental Funds

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

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2011 compared to 2010:

Table 1
Net Assets
Governmental Activities

	<i>2011</i>	<i>2010</i>
<i>Assets</i>		
Current and Other Assets	\$51,310,329	\$52,094,624
Capital Assets, Net	27,561,219	22,535,667
<i>Total Assets</i>	78,871,548	74,630,291
<i>Liabilities</i>		
Current and Other Liabilities	24,530,325	25,025,872
Long-term Liabilities	9,457,751	8,492,770
<i>Total Liabilities</i>	33,988,076	33,518,642
<i>Net Assets</i>		
Invested in Capital Assets, Net of Debt	22,035,097	22,535,667
Restricted	4,140,224	4,830,002
Unrestricted	18,708,151	13,745,980
<i>Total Net Assets</i>	\$44,883,472	\$41,111,649

Total assets increased by \$4,241,257. An increase of \$5,025,552 in total capital assets reflects major improvements made to the high school as well as House Bill 264 renovations made throughout the district. The anticipated completion date for both the projects is December 31, 2011. Current and other assets decreased \$784,295; pooled cash and investments decreased by \$982,085. Total liabilities increased by \$469,434. Current and Other Liabilities decreased by \$495,547; the district was granted premium holidays for health insurance during the months of July and August, therefore the district had less of an accrued wages and benefits liability at year end. Long-term liabilities increased by \$964,981, the net increase can mainly be attributed to issuing bonded debt in the amount of \$5,525,000 and the pay-off of the early retirement incentive program in the amount of approximately \$4,200,000 during the fiscal year.

Table 2 shows the changes in net assets for fiscal year 2011 and 2010. This table presents two fiscal years in side-by-side comparisons in successive reporting years. This will enable the reader to draw further conclusion about the School District's financial status and possibly project future problems.

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

Table 2
Change in Net Assets
Governmental Activities

	<u>2011</u>	<u>2010</u>
Revenues		
Program Revenues		
Charges for Services	\$3,823,279	\$3,256,614
Operating Grants	6,430,981	4,472,726
Capital Grants	0	213,993
<i>Total Program Revenues</i>	<u>10,254,260</u>	<u>7,943,333</u>
General Revenues		
Property Taxes	20,548,562	18,494,980
Grants and Entitlements	19,484,543	20,091,789
Other	486,985	332,001
<i>Total General Revenues</i>	<u>40,520,090</u>	<u>38,918,770</u>
Total Revenues	<u>50,774,350</u>	<u>46,862,103</u>
Program Expenses		
Instruction:		
Regular	19,118,124	21,667,245
Special	4,033,255	5,074,754
Vocational	2,206,807	3,121,771
Adult/Continuing	79,980	11,746
Student Intervention Services	236,904	255,689
Support Services:		
Pupils	3,182,773	3,810,383
Instructional Staff	1,969,140	2,006,057
Board of Education	119,047	126,917
Administration	3,059,170	3,699,724
Fiscal	724,085	993,616
Business	206,125	228,242
Operation and Maintenance of Plant	5,645,914	4,437,961
Pupil Transportation	2,304,579	2,519,904
Central	442,753	565,489
Operation of Non-Instructional Services	2,192,175	2,061,929
Extracurricular Activities	1,352,905	1,180,722
Interest and Fiscal Charges	128,790	5,746
<i>Total Program Expenses</i>	<u>47,002,526</u>	<u>51,767,895</u>
<i>Change in Net Assets</i>	3,771,824	(4,905,792)
<i>Net Assets Beginning of Year</i>	<u>41,111,648</u>	<u>46,017,440</u>
<i>Net Assets End of Year</i>	<u>44,883,472</u>	<u>41,111,648</u>

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

The vast majority of revenues supporting governmental activities are the general revenues. General revenues totaled \$40,520,090 which is approximately 80 percent of total revenue. The most significant portions of the general revenue are the property taxes which is approximately 40 percent of total revenue. Grants and entitlements not restricted to specific programs consisting of State foundation, homestead and rollback and personal property tax exemption consists of approximately 38 percent of total revenue. Other general revenue, accounts for approximately 1 percent of total revenue. The remaining amount of revenue received was in the form of program revenues, which equaled \$10,254,260 or 21 percent of total revenue.

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. The School District's revenue growth is mostly dependent upon property tax increases and new construction. Although the School District relies heavily upon local property taxes to support its' operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

Instruction comprises 55 percent of governmental program expenses. Additional supporting services for pupils, staff and business operations encompassed an additional 37 percent. The remaining 8 percent of program expenses is used for other obligations of the School District such as non-instructional services, extracurricular activities and interest and fiscal charges.

The School District instituted an early retirement incentive program (ERI) which accounts for the majority of the increase in program expenses. More detailed information is presented in Note 10 of the notes to the basic financial statements.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons of 2011 to 2010 have been made in Table 3.

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

Table 3
Total and Net Cost of Program Services
Governmental Activities

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is the primary support for Perry Local School District students. Program revenues only account for 22 percent of all governmental expenses. Program revenues include charges for services, grants and contributions that are program specific.

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
<i>Program Expenses</i>				
Instruction:				
Regular	19,118,124	\$16,626,914	\$21,667,245	\$19,655,597
Special	4,033,255	2,068,317	5,074,754	3,420,242
Vocational	2,206,807	1,991,732	3,121,771	2,756,229
Adult/Continuing	79,980	68,737	11,746	(2,020)
Student Intervention Services	236,904	190,872	255,689	255,689
Support Services:				
Pupils	3,182,773	2,312,512	3,810,383	3,266,500
Instructional Staff	1,969,140	1,079,624	2,006,057	1,317,198
Board of Education	119,047	119,047	126,917	126,917
Administration	3,059,170	2,075,788	3,699,724	3,699,724
Fiscal	724,085	724,085	993,616	993,616
Business	206,125	146,586	228,242	228,242
Operation and Maintenance of Plant	5,645,914	5,609,525	4,437,961	4,203,391
Pupil Transportation	2,304,579	2,304,579	2,519,904	2,477,937
Central	442,753	437,753	565,489	499,909
Operation of Non-Instructional Services	2,192,175	(130,776)	2,061,929	193,743
Extracurricular Activities	1,352,905	992,181	1,180,722	725,902
Interest and Fiscal Charges	128,790	128,790	5,746	5,746
Total	47,002,526	36,748,266	51,767,895	43,824,562

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, including other financing sources of \$56,461,449 and expenditures of \$56,584,906. Fluctuations in revenues or expenditures from the last few years were an increase to revenues and other financing sources by \$9,615,360 and increased expenditures by \$8,740,501. The revenue change can be attributed to issuing bonds during the fiscal year and the expenditure change can be attributed to expenses incurred due to the high school renovation and HB 264 capital improvement projects. The general fund balance increased by \$259,923; this can be attributed to more property taxes being available to advance at the end of the year as compared to last year. The permanent improvement fund decreased \$977,353 due to spending on the construction projects.

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, the School District amended its general fund budget several times. For the general fund, the final and original budget basis revenue including other financing sources was \$39,955,948. The actual budget basis revenue including other financing sources was \$39,916,488 representing a \$39,460 decrease from the final budget estimate of \$39,955,948. The actual revenues collected were very comparative to the budgeted amounts. The School District's general fund unencumbered cash balance at the end of the fiscal year was \$22,744,401. The final budget expenditures of \$44,962,206 were \$1,694,633 less than the actual expenditures of \$43,267,573. Nearly every expenditure function was increased, with regular instruction, special instruction, administration and operation and maintenance of plant being the most significant.

For the other non-significant budget amendments, the School District uses a site-based style of budgeting and had in place systems that are designed to tightly control site budgets but provide flexibility for site management. Building principles are given a per pupil allocation for textbooks, instructional materials and equipment. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Capital Assets

At the end of fiscal year 2011, the School District had \$27,561,219 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal year 2011 balances compared with 2010.

Table 4
Capital Assets at June 30
Governmental Activities

	2011	2010
Land	\$1,366,878	\$1,366,877
Construction in Progress	5,847,129	0
Land Improvements	976,478	1,036,952
Buildings and Improvements	16,995,327	17,506,528
Furniture and Equipment	973,538	990,356
Vehicles	1,401,872	1,634,954
Total	\$27,561,222	\$22,535,667

All capital assets are reported net of depreciation. The \$5,025,555 increase in capital assets was attributable to additional the high school renovation project and the HB 264 project. See note 9 to the basic financial statements for more detail on the capital assets of the School District.

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2011

Current Issues

The Perry Local School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the district was in November, 2008; a renewal of an emergency levy. The Board of Education anticipates the renewal levy will generate sufficient revenues for a period of 5 years and anticipates an additional tax request in the next 5 year period.

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 45 percent of revenues for governmental activities for the Perry Local School District in fiscal year 2011.

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

Perry Local School District anticipates drastic *state revenue cuts* during fiscal years 2012 and it will have a significant negative impact on the operations of the school district. The School District will collect an estimated \$3,000,000 *less* from the State during fiscal year 2012. Due to the drastic cuts from the State the School District is forecasted to spend the Districts cash surplus by fiscal year 2016. The School District will have to incur major program cuts or levy additional tax dollar to maintain financial stability.

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Sheryl Shaw Stewart, Treasurer of Perry Local School District, 4201 13th St. S.W., Massillon, OH 44646 or stewart@perrylocal.org.

Perry Local School District

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$30,521,423
Inventory Held for Resale	72,298
Materials and Supplies Inventory	119,802
Accrued Interest Receivable	66,573
Accounts Receivable	6,425
Intergovernmental Receivable	798,636
Taxes Receivable	19,725,172
Land	1,366,877
Construction in Progress	5,847,129
Depreciable Capital Assets, net	20,347,213
Total Assets	<u>78,871,548</u>
Liabilities	
Accounts Payable	96,873
Accrued Wages and Benefits	3,953,346
Contracts Payable	1,725,193
Intergovernmental Payable	1,284,934
Accrued Interest Payable	1,123
Matured Compensated Absences Payable	374,264
Deferred Revenue	16,315,998
Early Retirement Incentive Payable	778,594
Long-Term Liabilities:	
Due Within One Year	465,262
Due in More Than One Year	8,992,489
Total Liabilities	<u>33,988,076</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	22,035,097
Restricted for Capital Outlay	3,509,517
Restricted for Other Purposes	630,707
Unrestricted	18,708,151
Total Net Assets	<u>\$44,883,472</u>

See Accompanying Notes to the Basic Financial Statements

Perry Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	<i>Program Revenues</i>			
<i>Expenses</i>	<i>Charges for Services and Sales</i>	<i>Operating Grants and Contributions</i>	<i>Net (Expenses) Revenue and Changes in Net Assets</i>	
<i>Governmental Activities</i>				
Instruction:				
Regular	\$19,118,124	\$1,791,393	\$699,817	(\$16,626,914)
Special	4,033,255	483,588	1,481,350	(2,068,317)
Vocational	2,206,807	17,599	197,476	(1,991,732)
Adult/Continuing	79,980	6,393	4,850	(68,737)
Student Intervention Services	236,904	0	46,032	(190,872)
Support Services:				
Pupils	3,182,773	92,617	777,644	(2,312,512)
Instructional Staff	1,969,140	66,326	823,190	(1,079,624)
Board of Education	119,047	0	0	(119,047)
Administration	3,059,170	0	983,382	(2,075,788)
Fiscal	724,085	0	0	(724,085)
Business	206,125	0	57,539	(148,586)
Operation and Maintenance of Plant	5,645,914	15,914	20,475	(5,609,525)
Pupil Transportation	2,304,579	0	0	(2,304,579)
Central	442,753	0	5,000	(437,753)
Operation of Non-Instructional Services	2,192,175	998,883	1,324,068	130,776
Extracurricular Activities	1,352,905	350,566	10,158	(992,181)
Interest and Fiscal Charges	128,790	0	0	(128,790)
<i>Totals</i>	\$47,002,526	\$3,823,279	\$6,430,981	(36,748,266)

General Revenues

Property Taxes Levied for:	
General Purposes	19,689,808
Capital Outlay	858,754
Grants and Entitlements not Restricted to Specific Programs	19,484,543
Investment Earnings	158,312
Miscellaneous	328,673
<i>Total General Revenues</i>	40,520,090
<i>Change in Net Assets</i>	3,771,824
<i>Net Assets Beginning of Year</i>	41,111,648
<i>Net Assets End of Year</i>	\$44,883,472

See Accompanying Notes to the Basic Financial Statements

Perry Local School District

*Balance Sheet
Governmental Funds
June 30, 2011*

	<i>General Fund</i>	<i>Permanent Improvement Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	\$24,491,062	\$5,090,442	\$939,919	\$30,521,423
Inventory Held for Resale	0	0	72,298	72,298
Materials and Supplies Inventory	117,489	0	2,313	119,802
Accrued Interest Receivable	66,573	0	0	66,573
Accounts Receivable	6,425	0	0	6,425
Interfund Receivable	15,946	0	0	15,946
Intergovernmental Receivable	356,575	0	442,061	798,636
Taxes Receivable	18,901,655	823,517	0	19,725,172
<i>Total Assets</i>	<u>\$43,955,725</u>	<u>\$5,913,959</u>	<u>\$1,456,591</u>	<u>\$51,326,275</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$79,049	\$0	\$17,824	\$96,873
Accrued Wages and Benefits	3,496,427	0	456,919	3,953,346
Interfund Payable	0	0	15,946	15,946
Contracts Payable	0	1,725,193	0	1,725,193
Intergovernmental Payable	1,106,181	0	178,753	1,284,934
Early Retirement Incentive Payable	736,787	0	41,807	778,594
Matured Compensated Absences Payable	362,707	0	11,557	374,264
Deferred Revenue	16,568,072	710,479	0	17,278,551
<i>Total Liabilities</i>	<u>22,349,223</u>	<u>2,435,672</u>	<u>722,806</u>	<u>25,507,701</u>
Fund Balances				
Nonspendable	117,489	0	74,611	192,100
Restricted	0	3,478,287	591,531	4,069,818
Assigned	937,592	0	67,643	1,005,235
Unassigned	20,551,421	0	0	20,551,421
<i>Total Fund Balances</i>	<u>21,606,502</u>	<u>3,478,287</u>	<u>733,785</u>	<u>25,818,574</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$43,955,725</u>	<u>\$5,913,959</u>	<u>\$1,456,591</u>	<u>\$51,326,275</u>

See Accompanying Notes to the Basic Financial Statements

Perry Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2011*

Total Governmental Fund Balances		\$25,818,574
 <i>Amounts reported for governmental activities in 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.		27,561,219
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	760,287	
Intergovernmental Receivables	202,266	
<i>Total</i>		962,553
In the Statement of Activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.		(1,123)
Long-term liabilities, including bonds, compensated absences payable and bond accretion, are not due and payable in the current period:		
Energy Conservation Bonds	(5,399,390)	
Capital Appreciation Bonds Accretion	(125,610)	
Compensated Absences	(3,932,751)	
<i>Total</i>		(9,457,751)
 <i>Net Assets of Governmental Activities</i>		 \$44,883,472

See Accompanying Notes to the Basic Financial Statements

Perry Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$19,979,141	\$870,854	\$0	\$20,849,995
Intergovernmental	19,370,848	218,371	6,197,448	25,786,667
Interest	157,706	0	606	158,312
Tuition and Fees	2,008,262	0	66,326	2,074,588
Rent	22,036	0	0	22,036
Extracurricular Activities	242,148	0	368,572	610,720
Gifts and Donations	132,869	25,000	58,478	216,347
Customer Sales and Services	9,569	0	864,407	873,976
Miscellaneous	322,876	0	23,000	345,876
Total Revenues	42,245,455	1,114,225	7,578,837	50,938,517
Expenditures				
Current:				
Instruction:				
Regular	19,999,936	0	685,306	20,685,242
Special	3,057,623	0	1,235,473	4,293,096
Vocational	2,551,457	0	147,547	2,699,004
Adult/Continuing	11,150	0	0	11,150
Student Intervention Services	198,826	0	34,928	233,754
Support Services:				
Pupils	3,252,123	0	557,522	3,809,645
Instructional Staff	1,132,646	0	912,598	2,045,244
Board of Education	119,047	0	0	119,047
Administration	2,486,072	0	1,089,424	3,575,496
Fiscal	749,475	13,570	0	763,045
Business	188,363	0	38,833	227,196
Operation and Maintenance of Plant	4,057,853	0	18,000	4,075,853
Pupil Transportation	2,418,679	0	0	2,418,679
Central	405,578	0	19,852	425,430
Operation of Non-Instructional Services	249,841	0	1,957,917	2,207,758
Extracurricular Activities	1,003,223	0	287,464	1,290,687
Capital Outlay	99,408	7,479,572	0	7,578,980
Debt Service:				
Interest and Fiscal Charges	4,232	0	0	4,232
Issuance Costs	0	121,368	0	121,368
Total Expenditures	41,985,532	7,614,510	6,984,864	56,584,906
Excess of Revenues Over (Under) Expenditures	259,923	(6,500,285)	593,973	(5,646,389)
Other Financing Sources and Uses				
General Obligation Bonds Issued	0	5,399,390	0	5,399,390
Premium on the Sale of Bonds	0	123,542	0	123,542
Total Other Financing Sources (Uses)	0	5,522,932	0	5,522,932
Net Change in Fund Balances	259,923	(977,353)	593,973	(123,457)
Fund Balances Beginning of Year - Restated (See Note 3)	21,346,579	4,455,640	139,812	25,942,031
Fund Balances End of Year	\$21,606,502	\$3,478,287	\$733,785	\$25,818,574

See Accompanying Notes to the Basic Financial Statements

Perry Local School District
*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, 2011*

Net Change in Fund Balances - Total Governmental Funds (\$123,457)

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlay as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which capital
outlay exceeded depreciation in the current period.

Capital Outlay	5,928,239	
Depreciation	(902,684)	
<i>Total</i>		5,025,555

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds.

Intergovernmental Receivables	137,266	
Delinquent Property Taxes	(301,433)	
<i>Total</i>		(164,167)

In the statement of activities, debt issuances, accretion of interest and interest are recorded as liabilities,
whereas in governmental funds, an these revenues and expenditures is reported as received and paid.
and when due.

Issuance of Energy Conservation Bonds	(5,399,390)	
Accretion of Capital Appreciation Bonds	(125,610)	
Accrued Interest	(1,123)	
<i>Total</i>		(5,526,123)

Some expenses reported in the statement of activities, such as compensated absences,
and early retirement incentive pay-offs do not require the use of current financial resources and
therefore are not reported as expenditures in the governmental funds.

Early Retirement Incentive Costs	4,292,604	
Compensated Absences	267,412	
		4,560,016

Changes in Net Assets of Governmental Activities \$3,771,824

See Accompanying Notes to the Basic Financial Statements

Perry Local School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>		<i>Final Budget</i>
				<i>Positive (Negative)</i>
Revenues				
Property and Other Local Taxes	\$17,992,764	\$17,992,764	\$18,093,242	\$100,478
Intergovernmental	19,675,484	19,710,484	19,247,757	(462,727)
Interest	164,000	164,000	96,192	(67,808)
Tuition and Fees	1,891,700	1,891,700	2,099,347	207,647
Rent	18,000	18,000	15,914	(2,086)
Extracurricular Activities	30,000	30,000	35,655	5,655
Gifts and Donations	12,000	12,000	10,000	(2,000)
Miscellaneous	172,000	137,000	300,381	163,381
Total Revenues	39,955,948	39,955,948	39,898,488	(57,460)
Expenditures				
Current:				
Instruction:				
Regular	19,704,804	21,010,653	20,584,169	426,484
Special	3,279,689	3,366,266	3,101,363	264,903
Vocational	2,598,156	2,725,808	2,668,053	57,755
Student Intervention Services	252,163	219,421	209,699	9,722
Support Services:				
Pupils	2,725,638	3,317,667	3,138,898	178,769
Instructional Staff	962,328	1,230,154	1,169,795	60,359
Board of Education	170,890	170,100	114,480	55,620
Administration	3,340,977	2,743,217	2,532,023	211,194
Fiscal	995,426	811,895	756,390	55,505
Business	79,430	212,785	193,621	19,164
Operation and Maintenance of Plant	4,125,026	4,283,332	4,174,896	108,436
Pupil Transportation	2,292,447	2,595,257	2,560,775	34,482
Central	522,364	536,735	470,925	65,810
Operation of Non-Instructional Services:				
Community Services	25,000	52,000	34,006	17,994
Extracurricular Activities	821,107	1,006,655	968,219	38,436
Capital Outlay	65,000	586,029	586,029	0
Debt Service:				
Interest and Fiscal Charges	0	94,232	4,232	90,000
Total Expenditures	41,960,445	44,962,206	43,267,573	1,694,633
Excess of Revenues Under Expenditures	(2,004,497)	(5,006,258)	(3,369,085)	1,637,173
Other Financing Sources (Uses)				
Advance In	0	0	18,000	18,000
Advance Out	0	(19,000)	(18,000)	1,000
Total Other Financing Sources (Uses)	0	(19,000)	0	19,000
Net Change in Fund Balance	(2,004,497)	(5,025,258)	(3,369,085)	1,656,173
Fund Balance Beginning of Year	23,896,436	23,896,436	23,896,436	0
Prior Year Encumbrances Appropriated	2,217,050	2,217,050	2,217,050	0
Fund Balance End of Year	\$24,108,989	\$21,088,228	\$22,744,401	\$1,656,173

See Accompanying Notes to the Basic Financial Statements

Perry Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Agency</u>
<i>Assets</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$82,893</u>
 <i>Total Assets</i>	 <u><u>\$82,893</u></u>
 <i>Liabilities</i>	
Current Liabilities:	
Due to Students	<u>82,893</u>
 <i>Total Liabilities</i>	 <u><u>\$82,893</u></u>

See Accompanying Notes to the Basic Financial Statements

Perry Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 1 – Description of School District and Reporting Entity

The Perry Local School District (the “School District”) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a school district as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District. Average daily membership on, or as of October 1, 2010, was 4,809. The School District employs 338 certificated and 225 non-certificated employees.

Reporting Entity

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

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

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

The School District participates in one jointly governed organization and two public entity risk pools. These organizations are the Stark Portage Area Computer Consortium (SPARCC), Stark County Schools Council of Governments Health Benefits Program, and CompManagement Workers’ Compensation Group Rating Program. They are presented in Notes 15 and 16.

Note 2 - Summary of Significant Accounting Policies

The School District’s financial statements have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The more significant of the School District’s accounting policies are described below.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

B. Fund Accounting

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

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

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

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Permanent Improvement Fund The permanent improvement capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of major capital facilities.

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

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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund that accounts for student activities.

C. Measurement Focus

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

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

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

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

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises 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, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

E. Budgetary Process

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

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

F. Cash and Investments

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

During fiscal year 2011, investments were limited to STAROhio, federal agencies, money markets, repurchase agreements, commercial paper, municipal bonds and certificates of deposit.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$157,706, which includes \$18,276 assigned from other School District funds.

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

G. Inventory

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

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

H. Capital Assets

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

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

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

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

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

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

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee will be paid.

J. Accrued Liabilities and Long-term Obligations

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

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources that are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds that are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Capital leases are recognized as a liability on the fund financial statements when due. H.B. 264 bonded debt payments will be paid from the general fund.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At June 30, 2011, none of the School District's net assets were restricted by enabling legislation. Net assets restricted for other purposes include instructional activities and grants.

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

L. 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 resources in the governmental funds. The classifications are as follows:

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

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

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 it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund balance have been specifically committed for use in satisfying those contractual requirements.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

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 constrained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned

The 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.

M. Interfund Activity

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

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

N. 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 2011.

O. Estimates

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

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 3 - Change in Accounting Principles

For fiscal year 2011, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and Statement No. 59, “Financial Instruments Omnibus”.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of the School District’s financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change in the School District’s financial statements.

Restatement of Fund Balance

The implementation of GASB Statement No. 54 had the following effect on the fund balances of the major and nonmajor funds as they were previously reported:

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balance at June 30, 2010	\$21,076,938	\$4,455,640	\$409,454	\$25,942,032
Change in Fund Structure	<u>269,642</u>	<u>0</u>	<u>(269,642)</u>	<u>0</u>
Adjusted Fund Balance at June 30, 2010	<u>\$21,346,580</u>	<u>\$4,455,640</u>	<u>\$139,812</u>	<u>\$25,942,032</u>

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 4 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Permanent Improvement	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>				
Inventory	\$117,489	\$0	\$74,611	\$192,100
<i>Restricted for</i>				
Food Service	0	0	258,371	258,371
Student Activities	0	0	231,624	231,624
Classroom Facilities	0	3,478,287	0	3,478,287
Auxiliary Funds	0	0	85,538	85,538
Other Purposes	0	0	15,998	15,998
<i>Total Restricted</i>	0	3,478,287	591,531	4,069,818
<i>Assigned to</i>				
Student Instruction	488,962	0	67,643	556,605
Student and Staff Support	448,630	0	0	448,630
<i>Total Assigned</i>	937,592	0	67,643	1,005,235
<i>Unassigned</i>	20,551,421	0	0	20,551,421
<i>Total Fund Balances</i>	\$21,606,502	\$3,478,287	\$733,785	\$25,818,574

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted (GAAP) in the United States, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented on the budgetary basis for the general fund. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances in and advances out are non-operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 5 - Budgetary Basis of Accounting (continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

	<i>General</i>
<i>GAAP Basis</i>	\$259,923
Net Adjustment for Revenue Accruals	(2,346,967)
Advance In	18,000
Net Adjustment for Expenditure Accruals	204,192
Advance Out	(18,000)
Adjustment for Encumbrances	(1,486,233)
<i>Budget Basis</i>	(\$3,369,085)

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 6 - Deposits and Investments (continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
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.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2010, the School District and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent 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 collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 6 - Deposits and Investments (continued)

At fiscal year-end, the School District had \$535 cash on hand. The carrying amount of the School District's deposits was \$13,861,307. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2011, \$1,900,792 of the School District's bank balance of \$14,091,022 was exposed to custodial risk as discussed above, while \$12,190,230 was covered by Federal Deposit Insurance Corporation

Investments

As of June 30, 2011, the School District had the following investment and maturity:

Investment Type	Fair Value	Investment Maturity			
		6 Months or Less	1 Year	2 Years	3 Years
STAROhio	\$1,555,861	\$1,555,861	\$0	\$0	\$0
Money Market	3,738	3,738	0	0	0
Repurchase Agreement	4,933,980	4,933,980	0	0	0
Federal Home Loan Bank	5,977,642	0	2,923,319	0	3,054,323
Federal Home Loan Mortgage	2,323,222	0	1,323,222	0	1,000,000
Federal National Mortgage	498,895	0	498,895	0	0
Commercial Paper	254,587	0	254,587	0	0
Municipal Bonds	1,111,656	0	0	0	1,111,656
Total	\$ 16,659,581	\$ 6,493,579	\$ 5,000,023	\$ 0	\$ 5,165,979

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk Standard & Poor's has assigned STAROhio and money market an AAA rating. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices. The District's investments in federal agency securities were rated AAA by Standard & Poor's. The investment in commercial paper carries a rating of A1+ by Moodys and P1 by Standard & Poor's.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 6 - Deposits and Investments (continued)

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2011:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAROhio	\$ 1,555,861	9.34%
Money Market	3,738	0.02%
Repurchase Agreement	4,933,980	29.62%
Federal Home Loan Bank	5,977,642	35.88%
Federal Home Loan Mortgage	2,323,222	13.95%
Federal National Mortgage	498,895	2.99%
Commercial Paper	254,587	1.53%
Municipal Bonds	1,111,656	6.67%
<i>Total</i>	<u>\$ 16,659,581</u>	<u>100%</u>

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State Law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenues received during calendar 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2009 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 7 - Property Taxes (continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Stark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011 was \$2,535,849 in the general fund and \$113,038 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2010 was \$649,950 in the general fund and \$29,200 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	<i>2011 First</i>		<i>2010 Second</i>	
	<i>Half Collections</i>		<i>Half Collections</i>	
	<i>Amount</i>	<i>Percent</i>	<i>Amount</i>	<i>Percent</i>
Agricultural/Residential and Other Real Estate	\$445,572,110	74.82%	\$445,210,260	74.10%
Commercial Industrial	126,571,690	21.25	131,789,950	21.93
Public Utility Personal	23,394,600	3.93	23,376,780	3.89
Tangible Personal Property	0	0	471,030	0.08
	<u>\$595,538,400</u>	<u>100.00%</u>	<u>600,848,020</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$48.40		\$48.40	

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 8 - Receivables

Receivables at June 30, 2011, consisted of taxes, accounts (rent, student fees and tuition), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the State programs, and the current fiscal year guarantee of Federal funds.

<i>Governmental Activities</i>	<i>Amounts</i>
Excess Cost/Tuition	\$338,160
E-Rate	18,415
Title VI-B	191,113
Title I	115,827
Education Jobs	111,501
Title II	86
Title II-A	23,534
<i>Total Intergovernmental Receivables</i>	<i>\$798,636</i>

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<i>Balance July 1, 2010</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2011</i>
<i>General Fixed Asset Account Group</i>				
<i>Non Depreciable Fixed Assets</i>				
Land	\$1,366,878	\$0	\$0	\$1,366,878
Construction In Progress	0	5,847,129		5,847,129
<i>Total Non Depreciable Fixed Assets</i>	<i>1,366,878</i>	<i>5,847,129</i>	<i>0</i>	<i>7,214,007</i>
<i>Capital Assets being Depreciated</i>				
Land Improvements	1,472,047	13,758	0	1,485,805
Buildings and Improvements	30,113,038	0	0	30,113,038
Furniture and Equipment	1,629,368	61,095	0	1,690,463
Vehicles	3,436,473	6,257	0	3,442,730
<i>Total Capital Assets being Depreciated</i>	<i>36,650,926</i>	<i>81,110</i>	<i>0</i>	<i>36,732,036</i>
<i>Less Accumulated Depreciation</i>				
Land Improvements	(435,096)	(74,231)	0	(509,327)
Buildings and Improvements	(12,606,510)	(511,201)	0	(13,117,711)
Furniture and Equipment	(639,012)	(77,913)	0	(716,925)
Vehicles	(1,801,519)	(239,339)	0	(2,040,858)
<i>Total Accumulated Depreciation</i>	<i>(15,482,137)</i>	<i>(902,684)</i>	<i>0</i>	<i>(16,384,821)</i>
<i>Total Capital Assets Being Depreciated</i>	<i>21,168,789</i>	<i>(821,574)</i>	<i>0</i>	<i>20,347,215</i>
<i>Governmental Activities Capital Assets, Net</i>	<i>\$22,535,667</i>	<i>\$5,025,555</i>	<i>\$0</i>	<i>\$27,561,222</i>

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 9 - Capital Assets (continued)

*Depreciation expense was charged to governmental functions as follows:

<i>Instruction</i>	
Regular	\$252,049
Special	51,621
Vocational	17,540
<i>Support Services</i>	
Pupils	43,555
Instructional Staff	68,830
Administration	34,414
Fiscal	6,286
Operation and Maintenance of Plant	83,555
Pupil Transportation	256,928
Central	11,984
Operation of Non-Instructional Services	15,276
Extracurricular	60,646
Total Depreciation	<u><u>\$902,684</u></u>

Note 10 - Risk Management

A. General Insurance

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of \$5,000 and \$1,000 per incident on property and equipment, respectively, with a 100 percent blanket, all risk policy for property coverage. The School District's vehicle insurance policy limit is \$1,000,000 single occurrence limited liability. All board members, administrators, and employees are covered under a school district liability policy. Additionally, the School District carries a \$5,000,000 blanket umbrella policy. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 in aggregate, with no deductible. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year. The Treasurer is covered under a surety bond in the amount of \$50,000.

B. Workers' Compensation

The School District participates in the CompManagement Workers Compensation Group Rating Plan ("the Plan"), an insurance purchasing pool (Note 16). The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the group. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the group. Each participant pays its worker's compensation premium to the State Bureau of Workers' Compensation based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the group. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the group. Participation in the Plan is limited to school districts that can meet the Plan selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the group.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 10 - Risk Management (continued)

C. Employee Health Benefits

The School District participates in the Stark County Schools Council of Governments Health Benefits Program ("the Council"), a shared risk pool (Note 16) to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

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

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board. For fiscal year 2011 the School District's and the employee's premiums were \$1,111 and \$137 for family coverage and \$457 and \$56 for single coverage per employee per month, respectively. Dental insurance is also provided by the School District to qualified employees through the Stark County Schools Council of Governments. For fiscal year 2010 the School District's and the employee's premiums were \$1,012 and \$125 for family coverage and \$416 and \$51 for single coverage per employee per month, respectively.

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

Note 11 - Other Employee Benefits

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of 1-1/4 days per month. Sick leave may be accumulated to a maximum of 310 days. Upon retirement, employees receive payment for 30 percent of the total sick leave accumulation, not to exceed 75 days in FY2011.

B. Life Insurance

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

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$724,552, \$926,566 and \$838,433, respectively. For fiscal year 2011, 39.96 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. 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 can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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 multiplied by 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 DB Plan and the DC 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

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 12 - Defined Benefit Pension Plans (continued)

payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$2,867,983 for the fiscal year ended June 30, 2011, \$2,897,392 for the fiscal year ended June 30, 2010, and \$2,968,504 for the fiscal year ended June 30, 2009. For fiscal year 2011, 83.06 percent has been contributed for the DB plan and the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 were \$5,879 made by the School District and \$4,200 made by the plan members. In addition, member contributions of \$4,887 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011 none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 13 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System 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 and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 13 - Postemployment Benefits (continued)

State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount of \$35,800; for fiscal year 2011, this amount was \$92,074.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$87,732, \$121,869, and \$249,134, respectively. For fiscal year 2011, 39.96 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009, were \$46,627, \$50,299, and \$44,916 respectively. For fiscal year 2011, 39.96 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$220,614, \$222,876, and \$212,036 respectively. For fiscal year 2011, 83.06 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 14 - Long - Term Obligations

Changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	<i>Balance</i>			<i>Balance</i>		<i>Amounts</i>
	<i>6/30/10</i>	<i>Additions</i>	<i>Deductions</i>	<i>6/30/11</i>	<i>In One Year</i>	<i>Due</i>
<i>Compensated Absences</i>	\$4,200,166	\$125,262	(\$392,677)	\$3,932,751	\$125,262	\$125,262
<i>Early Retirement Incentive</i>	4,292,604	0	(4,292,604)	0	0	0
<i>2011 HB 264 Qualified School Construction Bonds:</i>						
\$5,399,390 5.65% Serial/Term Bonds	0	5,185,000	0	5,185,000	0	0
\$214,390 65.50% Capital Appreciation Bonds	0	214,390	0	214,390	214,390	214,390
Accretion on Capital Appreciation Bonds	0	125,610	0	125,610	125,610	125,610
<i>Total General Obligation Bonds</i>	0	5,525,000	0	5,525,000	340,000	340,000
<i>Total Governmental Activities Long-Term Liabilities</i>	\$8,492,770	\$5,650,262	(\$4,685,281)	\$9,457,751	\$465,262	\$465,262

On February 8, 2011, the School District issued \$5,525,000 in general obligation qualified school construction bonds (“QSCB”) to finance a HB 264 project. The bonds were issued for a fifteen year period with a final maturity at December 1, 2025. The bond issue consists of serial, term and capital appreciation bonds. Accretion in the amount of \$125,610 was added and represents the total accretion of discounted interest for the capital appreciation bonds. At maturity, the final amount of the capital appreciation bonds will be \$340,000. The principal and interest requirements will be recorded in the debt service fund.

The School District’s overall debt margin is \$3,458,370 and the unvoted debt margin is \$182,108.

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

<i>Fiscal Year</i>	<i>2011 QSC Bonds</i>				
	<i>Serial and Term Bonds</i>		<i>Capital Appreciation Bonds</i>		
	<i>Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
<i>2012</i>	\$0	\$13,480	\$214,390	\$125,610	
<i>2013</i>	325,000	13,480	0	0	
<i>2014</i>	330,000	13,480	0	0	
<i>2015</i>	335,000	13,480	0	0	
<i>2016</i>	345,000	13,480	0	0	
<i>2017-2021</i>	1,830,000	67,400	0	0	
<i>2022-2026</i>	2,020,000	60,669	0	0	
<i>Total</i>	\$5,185,000	\$195,469	\$214,390	\$125,610	

Compensated absences will be primarily paid from the general, food service, auxiliary and Title I funds. This has been the policy in prior years also.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 15 - Jointly Governed Organization

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization among 31 school districts, the Stark County Educational Service Center and the Portage County Educational Service Center and the Portage County Education Service Center. The purpose of the organization is to apply modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating district is limited to its representation on the assembly, which appoints the five-member executive board. The executive board exercises total control over the operation of SPARCC including budgeting, appropriating, contracting and designating management. The executive board consists of five superintendents. All revenues are generated from State funding and an annual fee charged to participating districts. The School District paid \$124,359 to SPARCC during the fiscal year 2011. The Stark County Educational Service Center is the fiscal agent of SPARCC. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38th Street NW, Canton, OH 44709-2300.

Note 16 - Public Entity Risk Pools

A. Risk Sharing Pool

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

B. Insurance Purchasing Pool

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

Note 17 – Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the School District at June 30, 2011.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 17 – Contingencies (continued)

B. Litigation

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

Note 18 - Set-Asides

The School District had qualifying disbursements during the fiscal year that is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for 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 year-end. These amounts must be carried forward to be used for the same purposes in future years. The following cash basis information describes the change in the year end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	<i>Textbooks</i>	<i>Capital Acquisition</i>
<i>Set-Aside Reserve Balance as of June 30, 2010</i>	(\$3,381,148)	\$0
Current Year Set-Aside Requirement	714,602	714,602
Qualifying Disbursements	(799,640)	(6,148,668)
<i>Total</i>	(\$3,466,186)	(\$5,434,066)
<i>Set-Aside Balance Carried Forward to Future Years</i>	\$0	\$0
<i>Set-Aside Reserve Balance as of June 30, 2011</i>	\$0	\$0

Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This fund balance is therefore not presented as being carried forward to future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the capital acquisition and textbooks set-aside amounts below zero, these extra amounts will not be used to reduce the set-aside requirements of future years. The negative amounts will not be presented as being carried forward to the next fiscal year.

During fiscal year 2011, the District issued \$5,525,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$5,525,000 at June 30, 2011.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

Note 19 – Contractual Commitments

During fiscal year 2011, the School District approved construction contracts to make major renovations to the high school and make energy conservation improvements to all buildingd. The total amount obligated to these projects was approximately \$11,300,000. As of June 30, 2011, the School District had entered into contractual commitments for the project as follows:

Project/Vendor	Total Contract	Amount Paid	Remaining Commitment
Abbott Electric	\$ 224,646	\$ 207,180	\$ 17,466
Jeffrey Carr	2,075,140	897,108	1,178,032
Schalmo Builders	1,099,587	698,802	400,785
Breckenridge Kitchen Equipment	349,089	0	349,089
Doerschuk Plumbing & Heating	272,720	94,135	178,585
Hilscher-Clarke Electric	300,381	0	300,381
NE Mechanical	322,746	89,718	233,028
Wood Electric	212,848	58,820	154,028
Johnson Controls	5,400,000	2,673,860	2,726,140

SUPPLEMENTARY DATA

PERRY LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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				
<i>Child Nutrition Cluster:</i>				
(D)(E) School Breakfast Program	10.553	2011	\$ 150,794	\$ 150,794
(C)(E) National School Lunch Program- Food Donation	10.555	2011	99,065	99,065
(D)(E) National School Lunch Program	10.555	2011	751,366	751,366
Total National School Lunch Program			850,431	850,431
Total U.S. Department of Agriculture and Child Nutrition Cluster			1,001,225	1,001,225
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
<i>Title I Grant Cluster:</i>				
(F) Title I Grants to Local Educational Agencies	84.010	2010	72,742	67,365
(F) Title I Grants to Local Educational Agencies	84.010	2011	454,876	455,555
Total Title I Grants to Local Educational Agencies			527,618	522,920
(F)(H) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	44,375	41,593
(F)(H) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2011	19,893	25,741
Total ARRA - Title I Grants to Local Educational Agencies, Recovery Act			64,268	67,334
<i>Total Title I Grant Cluster</i>			591,886	590,254
<i>Special Education Grant Cluster:</i>				
(G) Special Education_Grants to States	84.027	2010	119,353	147,472
(G) Special Education_Grants to States	84.027	2011	865,753	866,262
Total Special Education Grants to States			985,106	1,013,734
(G)(H) ARRA - Special Education_Grants to States, Recovery Act	84.391	2010	86,590	86,437
(G)(H) ARRA - Special Education_Grants to States, Recovery Act	84.391	2011	542,302	535,046
Total ARRA - Special Education_Grants to States, Recovery Act			628,892	621,483
(G) Special Education_Preschool Grants	84.173	2011	24,190	24,190
(G) ARRA - Special Education_Preschool Grants, Recovery Act	84.392	2010	5,374	5,836
<i>Total Special Education Grant Cluster</i>			1,643,562	1,665,243
(H) Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	1,800	2,133
(H) Safe and Drug-Free Schools and Communities_State Grants	84.186	2011	1,161	1,567
Total Safe and Drug-Free Schools and Communities_State Grants			2,961	3,700
Educational Technology State Grants	84.318	2011	2,606	2,691
(H) Improving Teacher Quality State Grants	84.367	2010	28,382	30,949
(H) Improving Teacher Quality State Grants	84.367	2011	150,921	154,068
Total Improving Teacher Quality State Grants			179,303	185,017
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	-	24,171
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2011	1,150,791	1,150,791
Total ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act			1,150,791	1,174,962
Education Jobs Grant	84.410	2011	758,370	767,303
Total U.S. Department of Education			4,329,479	4,389,170
Total Federal Financial Assistance			\$ 5,330,704	\$ 5,390,395

Continued

**PERRY LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass-through grant numbers for fiscal year 2011.
- (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 valued at entitlement value.
- (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first in, first out basis.
- (E) Included as part of the "Child Nutrition Cluster" in determining major programs.
- (F) Included as part of "Title I Grant Cluster" in determining major programs.
- (G) Included as part of "Special Education Grant Cluster" in determining major programs.
- (H) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District may 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 2011, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	\$ 2,625	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2011		\$ 2,625
ARRA - Special Education Grants to States, Recovery Act	84.391	2010	5,410	
ARRA - Special Education Grants to States, Recovery Act	84.391	2011		5,410
Safe and Drug-Free Schools and Communities State Grant	84.186	2010	407	
Safe and Drug-Free Schools and Communities State Grant	84.186	2011		407
Improving Teacher Quality State Grants	84.367	2010	2,749	
Improving Teacher Quality State Grants	84.367	2011		2,749
Totals			<u>\$ 11,191</u>	<u>\$ 11,191</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***

Perry Local School District
4201 13th Street S. W.
Massillon, OH 44646

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry Local School District, Stark County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Perry Local School District's basic financial statements and have issued our report thereon dated December 27, 2011. We noted that the Perry Local School District adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. 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 Perry Local 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 Perry Local School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Perry Local 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 Perry Local 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
Perry Local School District

Compliance and Other Matters

As part of reasonably assuring whether the Perry Local 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 such 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 Perry Local School District, federal awarding agencies and pass-through entities, and others within the Perry Local 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 27, 2011



Julian & Grube, Inc.
Serving Ohio Local Governments

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

**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**

Perry Local School District
4201 13th Street S. W.
Massillon, OH 44646

To the Board of Education:

Compliance

We have audited the compliance of the Perry Local 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 Perry Local School District's major federal programs for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Perry Local School District's major federal programs. The Perry Local School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Perry Local School District's compliance based on our audit.

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

In our opinion, the Perry Local 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, 2011.

Internal Control Over Compliance

The Perry Local 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 Perry Local 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 Perry Local School District's internal control over compliance.

Board of Education
Perry Local School District

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

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

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



Julian & Grube, Inc.
December 27, 2011

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

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 Program's 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>	Special Education Grant Cluster: Special Education_Grants to States (CFDA #84.027), ARRA - Special Education_Grants to States, Recovery Act (CFDA #84.391), Special Education_Preschool Grants (CFDA #84.173) and ARRA - Special Education_Preschool Grants, Recovery Act (CFDA #84.392); ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (CFDA #84.394); Education Jobs Grants (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

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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 Applying Agreed-Upon Procedures

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 23, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Julian & Grube, Inc.
December 27, 2011

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Dave Yost • Auditor of State

PERRY LOCAL SCHOOL DISTRICT

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 27, 2012