

Perry Local School District
Stark County, Ohio

Audited Financial Statements

June 30, 2007



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Perry Local School District, Stark County, prepared by Rea & Associates, Inc., for the audit period July 1, 2006 through June 30, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 8, 2008

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**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY**

JUNE 30, 2007

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**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY**

JUNE 30, 2007

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December 19, 2007

To the Board of Education
Perry Local School District
Massillon, OH 44646

Independent Auditor's Report

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 (the "School District"), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated December 19, 2007 on our consideration of the 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

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

Perry Local School District
Independent Auditor's Report
December 19, 2007

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hea & Associates, Inc.

New Philadelphia, OH 44663

Perry Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

The 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, 2007. 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 2007 are as follows:

- ◆ In total, net assets of governmental activities increased \$4,928,951.
- ◆ Revenues for governmental activities totaled \$48,015,078 in 2007. Of this total, \$40,297,365, or approximately 84 percent consisted of general revenues while program revenues accounted for the balance of \$7,717,713, or approximately 16 percent.
- ◆ The School District had \$43,086,127 in expenses related to governmental activities; only \$7,717,713 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$40,297,365 were adequate to provide for these programs.
- ◆ Program expenses totaled \$43,086,127. Instructional expenses made up \$25,309,413 or 59 percent of this total while support services accounted for \$14,716,110 or 34 percent. Other expenses, \$3,060,604 rounded out the remaining 7 percent.
- ◆ Capital assets increased \$2,484,269 due to additional purchases exceeding current year depreciation.

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, 2007

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 2007?" 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 13. 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, 2007

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 2007 compared to 2006:

Table 1
Net Assets
Governmental Activities

	2007	2006
Assets		
Current and Other Assets	\$ 46,149,319	\$ 41,665,890
Capital Assets, Net	22,054,541	19,570,272
<i>Total Assets</i>	68,203,860	61,236,162
Liabilities		
Other Liabilities	25,721,932	23,977,482
Long-Term Liabilities	4,492,956	4,198,659
<i>Total Liabilities</i>	30,214,888	28,176,141
Net Assets		
Invested in Capital Assets, Net of Related Debt	21,446,824	19,050,272
Restricted	4,624,497	5,283,427
Unrestricted	11,917,651	8,726,322
<i>Total Net Assets</i>	\$ 37,988,972	\$ 33,060,021

Total assets increased by \$6,967,698. An increase of \$2,484,269 in total capital assets reflects additional purchases exceeding depreciation. The majority of the increase in governmental assets can be attributed to an increase in cash and investments. Total liabilities increased by \$2,038,747. This increase was primarily the result of increased deferred revenue.

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2007

Table 2 shows the changes in net assets for fiscal year 2007 and 2006. 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.

Table 2
Change in Net Assets
Governmental Activities

	2007	2006
Revenues		
<i>Program Revenues</i>		
Charges for Services	\$ 2,845,177	\$ 3,216,643
Operating Grants	4,679,681	4,844,295
Capital Grants	192,855	165,855
<i>Total Program Revenues</i>	7,717,713	8,226,793
<i>General Revenues</i>		
Property Taxes	21,438,652	21,808,745
Grants and Entitlements	17,301,630	15,181,623
Other	1,557,083	1,214,183
<i>Total General Revenues</i>	40,297,365	38,204,551
<i>Total Revenues</i>	48,015,078	46,431,344
<i>Program Expenses</i>		
Instruction:		
Regular	18,336,190	18,349,478
Special	4,091,726	4,559,426
Vocational	2,340,419	1,806,374
Adult Continuing	16,880	14,257
Other	524,198	370,836
Support Services:		
Pupils	2,881,390	2,629,721
Instructional Staff	1,821,762	1,706,813
Board of Education	152,902	133,399
Administration	2,929,408	2,850,588
Fiscal	736,371	636,110
Business	134,550	0
Operation and Maintenance of Plant	3,761,406	3,943,636
Pupil Transportation	1,854,342	1,793,319
Central	443,979	306,981
Operation of Non-Instructional	1,987,678	2,171,983
Extracurricular Activities	1,040,658	1,026,508
Interest and Fiscal Charges	32,268	36,595
<i>Total Program Expenses</i>	43,086,127	42,336,024
<i>Change in Net Assets</i>	4,928,951	4,095,320
<i>Net Assets Beginning of Year</i>	33,060,021	28,964,701
<i>Net Assets End of Year</i>	\$ 37,988,972	\$ 33,060,021

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2007

The vast majority of revenues supporting governmental activities are the general revenues. General revenues totaled \$40,297,365 which is approximately 84 percent of total revenue. The most significant portions of the general revenue are the property taxes which is approximately 45 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 36 percent of total revenue. Other general revenue, accounts for approximately 3 percent of total revenue. The remaining amount of revenue received was in the form of program revenues, which equaled \$7,717,713 or 16 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 59 percent of governmental program expenses. Additional supporting services for pupils, staff and business operations encompassed an additional 34 percent. The remaining 7 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 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 2007 to 2006 have been made in Table 3.

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Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2007

Table 3
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2007	Net Cost of Services 2006
Program Expenses				
Instruction:				
Regular	\$18,336,190	\$18,349,478	\$(16,787,778)	\$(16,576,310)
Special	4,091,726	4,559,426	(2,185,726)	(2,343,640)
Vocational	2,340,419	1,806,374	(1,975,116)	(1,433,295)
Adult Continuing	16,880	14,257	140	(829)
Other	524,198	370,836	(524,198)	(370,836)
Support Services:				
Pupils	2,881,390	2,629,721	(2,443,676)	(2,229,560)
Instructional Staff	1,821,762	1,706,813	(954,846)	(1,016,432)
Board of Education	152,902	133,399	(152,902)	(133,399)
Administration	2,929,408	2,850,588	(2,876,503)	(2,729,273)
Fiscal	736,371	636,110	(736,371)	(636,110)
Business	134,550	0	(134,550)	0
Operation and Maintenance of Plant	3,761,406	3,943,636	(3,624,239)	(3,916,636)
Pupil Transportation	1,854,342	1,793,319	(1,783,352)	(1,642,903)
Central	443,979	306,981	(404,086)	(306,981)
Operation of Non-Instructional Services	1,987,678	2,171,983	(53,849)	(1,081)
Extracurricular Activities	1,040,658	1,026,508	(699,094)	(735,351)
Interest and Fiscal Charges	32,268	36,595	(32,268)	(36,595)
<i>Total</i>	<u>\$43,086,127</u>	<u>\$42,336,024</u>	<u>\$(35,368,414)</u>	<u>\$(34,109,231)</u>

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 18 percent of all governmental expenses. Program revenues include charges for services, grants and contributions that are program specific.

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 of \$47,800,240 and expenditures of \$45,279,468. The net change in fund balance for the year was most significant in the general fund totaling \$3,240,378. The fund balance of the permanent improvement fund decreased \$884,265 due to expenses increasing faster than revenues.

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.

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2007

During the course of fiscal year 2007, the School District amended its general fund budget several times. For the general fund, the final budget basis revenue including other financing sources was \$42,426,246 representing a \$3,168,796 increase from the original budget estimate of \$39,257,450. Most of this difference is due to an underestimation of property tax and intergovernmental revenues. The School District's general fund unencumbered cash balance at the end of the fiscal year was \$19,095,229.

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.

Capital Assets

At the end of fiscal year 2007, the School District had \$21,488,870 invested in construction in progress, land, land improvements, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal year 2007 balances compared with 2006.

Table 4
Capital Assets at June 30
Governmental Activities

	2007	2006
Construction in Progress	\$ 566,939	\$ 259,026
Land	1,366,878	0
Land Improvements	1,204,077	1,111,633
Buildings and Improvements	16,521,151	16,043,473
Furniture and Equipment	792,772	523,252
Vehicles	1,602,724	1,632,888
<i>Total</i>	\$ 22,054,541	\$ 19,570,272

All capital assets are reported net of depreciation. The \$2,484,269 increase in capital assets was attributable to additional purchases exceeding current year depreciation. See note 8 to the basic financial statements for more detail on the capital assets of the School District.

Senate Bill 345 requires the School District to set aside \$158.49 per pupil of certain general fund revenues in each of two areas, one for the purchase of textbooks and materials related to instruction and the other for capital outlay. For fiscal year 2007, this amounted to \$714,183 for each purpose. The School District had qualifying disbursements exceeding both the capital and maintenance requirement and the textbook and instructional materials and supplies requirement. More detailed information is presented in Note 19 of the notes to the basic financial statements.

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2007

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, 2003. The Board of Education anticipates the renewal levy will generate sufficient revenues for a period of 5 years with no substantial decreases in state funding or student enrollment.

Real estate and personal property tax collections have shown small 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 2007.

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.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our School District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

The Perry Local School District has not anticipated any meaningful growth in State revenue. This was confirmed by the passage of HB66 by the State Legislature. This is the funding bill for FY06 and FY07. The bill allowed for modest per pupil increases but offset the increase with the elimination of a cost of doing business factor and increases in the valuation used to calculate local effort.

In addition, HB66 eliminated tangible personal property from taxation over a short period of time with a replacement tax in place that disappears over time. For the Perry Local Schools, that would mean a loss of \$3.9 million in taxes by the year 2017. Previous legislation had already reduced these taxes \$1.3 million since 2002.

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

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

Perry Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2007

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 Beth Winkhart, Treasurer of Perry Local School District, 4201 13th St. S.W., Massillon, OH 44646 or winkhart@sparcc.org.

Perry Local School District

Statement of Net Assets

June 30, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 15,192,889
Cash and Cash Equivalents in Segregated Accounts	102,557
Investments in Segregated Accounts	8,902,210
Receivables:	
Taxes	21,425,136
Accounts	99,379
Intergovernmental	322,556
Inventory Held for Resale	22,586
Materials and Supplies Inventory	82,006
Nondepreciable Capital Assets	1,933,817
Depreciable Capital Assets, Net	<u>20,120,724</u>
<i>Total Assets</i>	<u>68,203,860</u>
Liabilities	
Accounts Payable	35,900
Contracts Payable	187,717
Accrued Wages and Benefits	4,164,157
Intergovernmental Payable	1,431,834
Matured Compensated Absences Payable	140,928
Deferred Revenue	19,761,396
Long-Term Liabilities:	
Due Within One Year	236,952
Due in More Than One Year	<u>4,256,004</u>
<i>Total Liabilities</i>	<u>30,214,888</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	21,446,824
Restricted for:	
Capital Outlay	4,292,576
Debt Service	102,557
Other Purposes	229,364
Unrestricted	<u>11,917,651</u>
<i>Total Net Assets</i>	<u>\$ 37,988,972</u>

The accompanying notes are an integral part of the basic financial statements.

Perry Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 18,336,190	\$ 1,141,800	\$ 406,612	\$ 0	\$ (16,787,778)
Special	4,091,726	74,334	1,815,728	15,938	(2,185,726)
Vocational	2,340,419	0	331,601	33,702	(1,975,116)
Adult / Continuing	16,880	17,020	0	0	140
Other	524,198	0	0	0	(524,198)
Support Services:					
Pupils	2,881,390	0	437,714	0	(2,443,676)
Instructional Staff	1,821,762	35,665	831,251	0	(954,846)
Board of Education	152,902	0	0	0	(152,902)
Administration	2,929,408	0	52,905	0	(2,876,503)
Fiscal	736,371	0	0	0	(736,371)
Business	134,550	0	0	0	(134,550)
Operation and Maintenance of Plant	3,761,406	0	27,000	110,167	(3,624,239)
Pupil Transportation	1,854,342	37,072	870	33,048	(1,783,352)
Central	443,979	0	39,893	0	(404,086)
Operation of Non-instructional Services:					
Food Service Operations	1,716,033	947,493	648,160	0	(120,380)
Community Services	271,645	268,544	69,632	0	66,531
Extracurricular Activities	1,040,658	323,249	18,315	0	(699,094)
Interest and Fiscal Charges	32,268	0	0	0	(32,268)
Total Primary Government	\$ 43,086,127	\$ 2,845,177	\$ 4,679,681	\$ 192,855	(35,368,414)

General Revenues

Property Taxes Levied for:	
General Purposes	20,534,620
Capital Outlay	904,032
Grants and Entitlements not Restricted to Specific Programs	17,301,630
Investment Earnings	1,261,029
Miscellaneous	296,054
Total General Revenues	40,297,365
<i>Change in Net Assets</i>	4,928,951
<i>Net Assets Beginning of Year</i>	33,060,021
<i>Net Assets End of Year</i>	\$ 37,988,972

The accompanying notes are an integral part of the basic financial statements.

Perry Local School District

Balance Sheet

Governmental Funds

June 30, 2007

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 10,201,203	\$ 4,219,146	\$ 772,540	\$ 15,192,889
Cash and Cash Equivalents in Segregated Accounts	102,557	0	0	102,557
Investments in Segregated Accounts	8,902,210	0	0	8,902,210
Receivables:				
Taxes	20,485,971	939,165	0	21,425,136
Accounts	93,297	0	6,082	99,379
Intergovernmental	173,000	0	149,556	322,556
Inventory Held For Resale	0	0	22,586	22,586
Materials and Supplies Inventory	79,825	0	2,181	82,006
<i>Total Assets</i>	<u>\$ 40,038,063</u>	<u>\$ 5,158,311</u>	<u>\$ 952,945</u>	<u>\$ 46,149,319</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 30,841	\$ 0	\$ 5,059	\$ 35,900
Contracts Payable	0	187,717	0	187,717
Accrued Wages and Benefits	3,764,734	0	399,423	4,164,157
Intergovernmental Payable	1,240,618	0	191,216	1,431,834
Matured Compensated Absences Payable	140,928	0	0	140,928
Deferred Revenue	19,758,011	895,145	0	20,653,156
<i>Total Liabilities</i>	<u>24,935,132</u>	<u>1,082,862</u>	<u>595,698</u>	<u>26,613,692</u>
Fund Balances				
Reserved for Encumbrances	54,129	562,791	42,179	659,099
Reserved for Property Taxes	900,960	44,020	0	944,980
Reserved for Debt Service Principal	102,557	0	0	102,557
Unreserved, Undesignated, Reported in:				
General Fund	14,045,285	0	0	14,045,285
Special Revenue Funds	0	0	315,068	315,068
Capital Projects Fund	0	3,468,638	0	3,468,638
<i>Total Fund Balances</i>	<u>15,102,931</u>	<u>4,075,449</u>	<u>357,247</u>	<u>19,535,627</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 40,038,063</u>	<u>\$ 5,158,311</u>	<u>\$ 952,945</u>	<u>\$ 46,149,319</u>

The accompanying notes are an integral part of the basic financial statements.

Perry Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2007*

Total Governmental Fund Balances	\$	19,535,627
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		22,054,541
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Delinquent Property Taxes	\$	718,760	
Charges for Services		173,000	
			891,760
Total			

Long-term liabilities, including capital leases and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated Absences	\$	(4,072,956)	
Capital Leases Payable		(420,000)	
			(4,492,956)
Total			

<i>Net Assets of Governmental Activities</i>	\$	<u><u>37,988,972</u></u>
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The accompanying notes are an integral part of 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, 2007

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 20,396,377	\$ 900,437	\$ 0	\$ 21,296,814
Intergovernmental	18,452,168	110,167	3,265,648	21,827,983
Investment Income	1,252,525	0	8,504	1,261,029
Tuition and Fees	1,266,706	0	71,675	1,338,381
Extracurricular Activities	26,574	0	571,388	597,962
Rentals	44,143	0	4,298	48,441
Customer Sales and Services	6,347	0	954,046	960,393
Gifts and Donations	30,950	0	142,233	173,183
Miscellaneous	260,371	0	35,683	296,054
<i>Total Revenues</i>	<u>41,736,161</u>	<u>1,010,604</u>	<u>5,053,475</u>	<u>47,800,240</u>
Expenditures				
Current:				
Instruction:				
Regular	17,942,335	0	381,422	18,323,757
Special	3,236,776	0	743,198	3,979,974
Vocational	2,136,872	0	36,720	2,173,592
Adult / Continuing	0	0	16,880	16,880
Other	435,684	0	71,128	506,812
Support Services:				
Pupils	2,360,915	0	431,455	2,792,370
Instructional Staff	945,235	0	770,629	1,715,864
Board of Education	152,902	0	0	152,902
Administration	2,776,197	0	72,522	2,848,719
Fiscal	727,387	0	0	727,387
Business	115,137	0	0	115,137
Operation and Maintenance of Plant	3,873,270	0	27,000	3,900,270
Pupil Transportation	2,024,584	0	800	2,025,384
Central	411,524	0	28,564	440,088
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,639,448	1,639,448
Community Services	25,482	0	399,409	424,891
Extracurricular Activities	709,451	0	281,272	990,723
Capital Outlay	478,133	1,894,869	0	2,373,002
Debt Service:				
Principal Retirement	100,000	0	0	100,000
Interest and Fiscal Charges	32,268	0	0	32,268
<i>Total Expenditures</i>	<u>38,484,152</u>	<u>1,894,869</u>	<u>4,900,447</u>	<u>45,279,468</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,252,009</u>	<u>(884,265)</u>	<u>153,028</u>	<u>2,520,772</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	3,369	0	0	3,369
Transfers In	0	0	15,000	15,000
Transfers Out	(15,000)	0	0	(15,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(11,631)</u>	<u>0</u>	<u>15,000</u>	<u>3,369</u>
<i>Net Change in Fund Balances</i>	3,240,378	(884,265)	168,028	2,524,141
<i>Fund Balances Beginning of Year</i>	<u>11,862,553</u>	<u>4,959,714</u>	<u>189,219</u>	<u>17,011,486</u>
<i>Fund Balances End of Year</i>	<u>\$ 15,102,931</u>	<u>\$ 4,075,449</u>	<u>\$ 357,247</u>	<u>\$ 19,535,627</u>

The accompanying notes are an integral part of 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, 2007*

Net Change in Fund Balances - Total Governmental Funds \$ 2,524,141

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

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

Capital Asset Additions	\$ 3,402,971	
Current Year Depreciation	<u>(857,211)</u>	
Total		2,545,760

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (61,491)

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

Delinquent Property Taxes	141,838	
Charges for Services	<u>73,000</u>	
Total		214,838

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 100,000

Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (394,297)

Change in Net Assets of Governmental Activities \$ 4,928,951

The accompanying notes are an integral part of the basic financial statements.

Perry Local School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 19,469,750	\$ 20,782,027	\$ 20,782,027	\$ 0
Intergovernmental	17,431,000	18,390,733	18,390,733	0
Investment Income	639,000	1,370,940	1,370,940	0
Tuition and Fees	1,193,500	1,247,486	1,247,486	0
Extracurricular Activities	24,000	26,574	26,574	0
Rentals	5,500	44,143	44,143	0
Customer Sales and Services	0	1,595	1,595	0
Contributions and Donations	500	20,950	20,950	0
Miscellaneous	364,200	399,229	399,229	0
<i>Total Revenues</i>	<u>39,127,450</u>	<u>42,283,677</u>	<u>42,283,677</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	18,126,083	17,830,245	17,830,242	3
Special	3,456,051	3,480,490	3,480,490	0
Vocational	2,420,568	2,034,213	2,034,213	0
Other	453,647	405,360	405,360	0
Support Services:				
Pupils	2,352,754	2,298,833	2,298,833	0
Instructional Staff	950,132	927,602	927,603	(1)
Board of Education	155,031	154,417	154,417	0
Administration	2,934,374	2,803,219	2,803,218	1
Fiscal	737,348	718,152	718,152	0
Business	107,488	105,755	105,755	0
Operation and Maintenance of Plant	4,027,040	3,908,121	3,908,120	1
Pupil Transportation	2,182,610	2,014,989	2,014,989	0
Central	361,002	405,586	405,586	0
Operation of Non-instructional Services:				
Food Service Operations	25,000	25,482	25,482	0
Extracurricular Activities	702,337	707,830	707,830	0
Capital Outlay	677,277	647,304	647,304	0
<i>Total Expenditures</i>	<u>39,668,742</u>	<u>38,467,598</u>	<u>38,467,594</u>	<u>4</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(541,292)</u>	<u>3,816,079</u>	<u>3,816,083</u>	<u>4</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	3,369	3,369	0
Advances In	130,000	139,200	139,200	0
Advances Out	(100,000)	(109,200)	(109,200)	0
Transfers Out	0	(15,000)	(15,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>30,000</u>	<u>18,369</u>	<u>18,369</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(511,292)	3,834,448	3,834,452	4
<i>Fund Balance Beginning of Year</i>	15,067,629	15,067,629	15,067,629	0
Prior Year Encumbrances Appropriated	193,148	193,148	193,148	0
<i>Fund Balance End of Year</i>	<u>\$ 14,749,485</u>	<u>\$ 19,095,225</u>	<u>\$ 19,095,229</u>	<u>\$ 4</u>

The accompanying notes are an integral part of the basic financial statements.

Perry Local School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>57,931</u>
Liabilities	
Due to Students	\$ <u>57,931</u>

The accompanying notes are an integral part of the basic financial statements.

Perry Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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, 2006, was 4,750. The School District employs 347 certificated and 249 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 16 and 17.

Note 2 - Summary of Significant Accounting Policies

The School District’s financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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. Following are the more significant of the School District’s accounting policies.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

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, 2007

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, 2007

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 6). 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, 2007, but which were levied to finance fiscal year 2008 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. 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, 2007

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 Cash Equivalents

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 cash equivalents" on the financial statements.

During fiscal year 2007, investments were limited to STAROhio, repurchase agreements, Federal Home Loan Bank notes, Federal Farm Credit Bank notes, Federal National Mortgage Association notes, and a money market fund.

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, 2007.

The School District has a segregated bank account for monies held separate from the School District's central bank account. This interest bearing depository account is presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District's treasury.

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 2007 amounted to \$1,252,525, which includes \$301,293 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 cash equivalents. 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.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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 and construction in progress, 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.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (Continued)

J. Accrued Liabilities and Long-term Obligations

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

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

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, 2007, 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 Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, property taxes, and debt.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

M. Interfund Activity

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

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (Continued)

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 2007.

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.

Note 3 – Accountability

Fund balances at June 30, 2007 included the following individual fund deficits:

Non-Major Funds:

Food Service	\$ 254,480
Auxiliary Services	30,598
Poverty Based Assistance	310
Title VI-B	93,188
Title I	50,356
Title VI	696
Drug Free Schools Grant	1,244
Title V	11,423
Preschool	7,330

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

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 4 - Budgetary Basis of Accounting

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

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.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ 3,240,378
Net Adjustment for Revenue Accruals	460,347
Advances In	139,200
Advances Out	(109,200)
Net Adjustment for Expenditure Accruals	172,465
Adjustment for Encumbrances	<u>(68,738)</u>
Budget Basis	<u><u>\$ 3,834,452</u></u>

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 5 - 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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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;
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,

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 5 - Deposits and Investments (Continued)

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 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 2007, 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.

At fiscal year-end, the carrying amount of the School District's deposits was \$(228,362), which includes \$500 cash on hand. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2007, the School District's entire bank balance of \$2,010 was covered by Federal Deposit Insurance Corporation.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 5 - Deposits and Investments (Continued)

Investments

As of June 30, 2007, the School District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities		
		6 Months or Less	7 to 12 Months	13 to 18 Months
FHLB	\$ 3,965,640	\$ 0	\$ 1,981,260	\$ 1,984,380
FFCB	2,946,570	2,946,570	0	0
FNMA	1,990,000	0	0	1,990,000
Money Market	102,557	102,557	0	0
STAROhio	15,204,182	15,204,182	0	0
Repurchase Agreement	275,000	275,000	0	0
Total	<u>\$ 24,483,949</u>	<u>\$ 18,528,309</u>	<u>\$ 1,981,260</u>	<u>\$ 3,974,380</u>

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

Credit Risk. The School District's investments in FHLB, FFCB and FNMA were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. STAROhio has been given an AAA rating by Standard & Poor's. The School District's investments in the money market account and repurchase agreement are unrated.

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, 2007:

Investment Type	Fair Value	Percent of Total
FHLB	\$ 3,965,640	16.20%
FFCB	2,946,570	12.03%
FNMA	1,990,000	8.13%
Money Market	102,557	0.42%
STAROhio	15,204,182	62.10%
Repurchase Agreement	275,000	1.12%
Total	<u>\$ 24,483,949</u>	<u>100.00%</u>

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 6 - 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 2007 represents collections of calendar 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2006 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 revenue received during calendar 2007 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from 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, 2007, are available to finance fiscal year 2007 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, 2007 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, 2007 was \$900,960 in the general fund and \$44,020 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2006 was \$1,286,610 in the general fund and \$60,880 in the permanent improvement capital projects fund.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 6 - Property Taxes (Continued)

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 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 426,436,320	67.02%	\$ 462,603,850	68.05%
Commercial Industrial	118,645,850	18.65%	141,492,460	20.82%
Tangible Personal Property	69,224,788	10.88%	53,562,079	7.88%
Personal Public Utility	21,945,890	3.45%	22,076,260	3.25%
	<u>\$ 636,252,848</u>	<u>100.00%</u>	<u>\$ 679,734,649</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	<u>\$ 47.50</u>		<u>\$ 48.00</u>	

Note 7 - Receivables

Receivables at June 30, 2007, consisted of taxes, accounts (rent, student fees and tuition), 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.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 6/30/2006	Additions	Deletions	Balance 6/30/2007
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$ 0	\$ 1,366,878	\$ 0	\$ 1,366,878
Construction in Progress	259,026	795,009	(487,096)	566,939
<i>Total Capital Assets, not being depreciated</i>	259,026	2,161,887	(487,096)	1,933,817
<i>Capital Assets being depreciated</i>				
Land Improvements	1,308,447	150,000	0	1,458,447
Buildings and Improvements	26,620,089	977,602	(8,748)	27,588,943
Furniture and Equipment	933,000	330,135	(13,326)	1,249,809
Vehicles	2,876,670	270,443	(291,000)	2,856,113
<i>Total Capital Assets being depreciated</i>	31,738,206	1,728,180	(313,074)	33,153,312
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(196,814)	(57,556)	0	(254,370)
Buildings and Improvements	(10,576,616)	(494,947)	3,771	(11,067,792)
Furniture and Equipment	(409,748)	(60,615)	13,326	(457,037)
Vehicles	(1,243,782)	(244,093)	234,486	(1,253,389)
<i>Total Accumulated Depreciation</i>	(12,426,960)	(857,211) *	251,583	(13,032,588)
<i>Total Capital Assets being depreciated, Net</i>	19,311,246	870,969	(61,491)	20,120,724
<i>Governmental Activities Capital Assets, Net</i>	\$ 19,570,272	\$ 3,032,856	\$ (548,587)	\$ 22,054,541

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 317,754
Special	63,203
Vocational	49,325
Support Services:	
Pupil	57,292
Instructional Staff	76,880
Administration	60,494
Fiscal	2,528
Operation and Maintenance of Plant	58,494
Pupil Transportation	12,419
Operation of Non-Instructional Services:	
Food Service Operations	69,535
Extracurricular Activities	89,287
Total Depreciation	\$ 857,211

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 9 - 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 \$3,000,000 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.

B. Fidelity Bond

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

C. Workers' Compensation

The School District participates in the CompManagement Workers Compensation Group Rating Plan ("the Plan"), an insurance purchasing pool (Note 17). 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.

D. 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 17) 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.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 9 - Risk Management (Continued)

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 2007 the School District's and the employee's premiums were \$794.79 and \$88.30 for family coverage and \$327.16 and \$36.36 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 2007, the School District's cost was \$113.87 for family coverage and \$46.16 for single coverage per employee per month.

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 10 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits 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 290 days. Upon retirement, employees receive payment for 30 percent of the total sick leave accumulation, not to exceed 66 days in FY2007.

B. Life Insurance

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

Note 11- Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 11- Pension Plans (Continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund health care benefits; for fiscal year 2007, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS' Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$721,374, \$701,988 and \$711,156, respectively; 46 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$392,183 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

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 may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times 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 Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent; 13 percent was the portion to fund pension obligations. Contribution rates are established by State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 11- Pension Plans (Continued)

The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$2,772,977, \$2,682,890 and \$2,662,620, respectively; 85 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$491,691 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2007, two members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

Retirees who participated in the DC or Combined Plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$198,070 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.3 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2007, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay has been established at \$35,800. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$314,649.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 12 - Postemployment Benefits (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. Net health care costs for the fiscal year ended June 30, 2006, (the latest information available) were \$158,751,207. The target level for the health care reserve is 150 percent of projected claims less premium contributions for the next fiscal year. At June 30, 2006 (the latest information available), the value of the health care fund was \$295.6 million, which is about 221 percent of next year's projected net health care costs. SERS has 59,492 participants currently receiving health care benefits.

Note 13 - Long - Term Obligations

Changes in the School District's long-term obligations during fiscal year 2007 were as follows:

	Outstanding <u>6/30/2006</u>	Additions	Reductions	Outstanding <u>6/30/2007</u>	Due in <u>One Year</u>
Capital Lease	\$ 520,000	\$ 0	\$ (100,000)	\$ 420,000	\$105,000
Compensated Absences	<u>3,678,659</u>	<u>761,534</u>	<u>(367,237)</u>	<u>4,072,956</u>	<u>131,952</u>
<i>Total General Long-Term Obligations</i>	<u>\$ 4,198,659</u>	<u>\$ 761,534</u>	<u>\$ (467,237)</u>	<u>\$ 4,492,956</u>	<u>\$236,952</u>

Capital lease payments will be paid from the general fund. Compensated absences will be paid from the fund from which the employees' salaries are paid. This has been the policy in prior years also.

Note 14 - Capitalized Leases

In prior years the School District entered into a lease purchase agreement for a new science wing. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The science wing construction costs were financed by the issuance of \$1,025,000 Certificates of Participation, Series 2000 by McDonald Investments Inc. (lessor), Key Bank National Association (original purchaser), Huntington National Bank (trustee) and the Board of Education (lessee). Ownership of the new building transfers to the Board of Education at the end of the lease. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 14 - Capitalized Leases (Continued)

The general capital assets acquired by the leases have been capitalized in governmental capital assets in the amount of \$1,025,000. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the statement of net assets and is reduced for each required principal payment.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2007:

		<u>Science Wing</u>	
Year Ending June 30,	2008	\$ 126,131	
	2009	129,806	
	2010	<u>205,750</u>	
		461,687	
Less: Amount representing interest		<u>(41,687)</u>	
Present value of minimum lease payments		<u>\$ 420,000</u>	

Note 15 – Interfund Transfers

During the fiscal year, the General Fund transferred \$15,000 to the Food Service Fund to provide additional resources for current operations.

Note 16 - 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 \$147,117 to SPARCC during the fiscal year 2007. 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.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 17 - 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 18 – 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, 2007.

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 19 - Set-Asides

The School District 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.

Perry Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2007

Note 19 - Set-Asides (Continued)

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.

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2006	\$ (2,307,667)	\$ 0
Current Year Set-Aside Requirement	714,183	714,183
Qualifying Disbursements	(1,212,056)	(1,115,664)
Current Year Offsets	0	(917,297)
 Total	 \$ (2,805,540)	 \$ (1,318,778)
 Set-Aside Balance, Carried Forward to Fiscal Years	 \$ (2,805,540)	 \$ 0
 Set-Aside Reserve Balance as of June 30, 2007	 \$ 0	 \$ 0

The School District had qualifying disbursements during the year that reduced the textbooks and the capital improvements set-aside amount below zero. The negative set-aside balance for the textbooks may be used to reduce the set-aside requirement of future years. The negative set-aside balance for the capital improvements may not be used to reduce the set-aside requirements of future years.

Note 20 – Contractual Commitments

As of June 30, 2007, the School District had contractual purchase commitments for the following projects:

Contractor	Purchase Commitments	Amount Expended as of 06/30/2007	Amount Remaining on Contracts
Harris Day Architect - Facility Plan Assistance	\$ 25,000	\$ 0	\$ 25,000
Hammond Construction - Cosmetology Lab	60,000	36,000	24,000
Feinman Mechanical - Cosmetology Lab	36,065	13,531	22,534
Sander Electric - Cosmetology Lab	112,707	24,812	87,895
Michael Dimaio - Fire Alarm System	58,346	49,324	9,022
Comfort Control - Cosmetology Lab	45,421	0	45,421
RJ Martin - Cosmetology Lab	279,335	91,080	188,255
Intec Building Systems - Cosmetology Lab	597,700	250,122	347,578
RT Hampton - Cosmetology Lab	32,200	26,476	5,724
DA Plumbing - Cosmetology Lab	79,414	0	79,414
Fanning and Howe Architects - Facility Plan Assistance	25,000	0	25,000
<i>Totals</i>	<i>\$ 1,351,188</i>	<i>\$ 491,345</i>	<i>\$ 859,843</i>



December 19, 2007

To the Board of Education
Perry Local School District
Massillon, OH 44646

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perry Local School District (the "School District") as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated December 19, 2007.

Perry Local School District
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards
December 19, 2007
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 19, 2007.

This report is intended solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Hea & Associates, Inc.

New Philadelphia, OH 44663



December 19, 2007

To the Board of Education
Perry Local Schools
Massillon, OH 44646

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of the Perry Local School District (the "School District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

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 that might be 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.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.

New Philadelphia, OH 44663

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FED. CFDA #	PASS-THROUGH GRANTOR'S NUMBER	RECEIPTS	NON CASH RECEIPTS	DISBURSE- MENTS	NON CASH DISBURSE- MENTS
U.S. DEPARTMENT OF EDUCATION						
Passed through Ohio Department of Education:						
Title 1	84.010	049924 - C1S1 - 2006	\$ 44,350		\$ 77,621	
Ed Consol Improvement Act		049924 - C1S1 - 2007	<u>425,707</u>		<u>415,012</u>	
Total Title 1			<u>470,057</u>	-	<u>492,633</u>	-
Special Education Cluster:						
Special Education Grants to States	84.0270	049924 - 6BSF - 2006	7,245		140,627	
		049924 - PGS1 - 2007 - P	1,093,934		1,015,942	
Special Education - Preschool Grants	84.1730	049924 - PGS1 - 2006	6,160		13,224	
		049924 - PGS1 - 2007 - P	<u>31,375</u>		<u>52,594</u>	
Total Special Education Cluster			<u>1,138,714</u>	-	<u>1,222,387</u>	-
		049924 - DRS1 - 2006	1,768		2,951	
Safe, Drug-Free Schools & Communities Act Grant	84.186	049924 - DRS1 - 2007	<u>15,597</u>		<u>15,479</u>	
Total Safe, Drug-Free Schools			<u>17,365</u>	-	<u>18,431</u>	-
Title II-D Technology	84.318	049924 - TJS1 - 2006	5,035		4,770	
Civic Connections Grant	84.099		413		750	
Federal Student Intervention	84.330	AVTF-2004	-		5,350	
Title II-A Teacher Quality	84.367	049934 - TRS1 - 2006	9,196		30,048	
		049934 - TRS1 - 2007	<u>157,291</u>		<u>143,825</u>	
Total Title II-A			<u>166,488</u>	-	<u>173,873</u>	-
Title V Ed Improv and Consol	84.298	FY06	2,063		3,725	
		FY07	<u>6,761</u>		<u>6,124</u>	
Total Title V			<u>8,824</u>		<u>9,849</u>	
Hurricane Relief Fund	84.938		11,500		11,500	
Total U. S. Department of Education			<u>1,818,396</u>	-	<u>1,939,543</u>	-
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Passed through Ohio Department of Mental Retardation and Developmental Disabilities:						
Medical Assistance Program (CAFS)	93.778		<u>47,227</u>		-	
Total U.S. Department of Health and Human Services			<u>47,227</u>	-	-	-
U. S. DEPARTMENT OF AGRICULTURE						
Passed through Ohio Department of Education:						
Food Distribution Program Nutrition Cluster:	10.550			\$182,461		\$82,447
School Breakfast Program	10.553	049924 - 05PU - 2005				
		049924 - 05PU - 2006	<u>52,280</u>		<u>52,280</u>	
Total School Breakfast Program			<u>52,280</u>	-	<u>52,280</u>	-
National School Lunch Program	10.555	049924 - LLP4 - 2003				
		049924 - LLP4 - 2004	<u>454,351</u>		<u>454,351</u>	
Total National School Lunch Program			<u>454,351</u>	-	<u>454,351</u>	-
Total Nutrition Cluster:			<u>506,630</u>		<u>506,631</u>	
Total U.S. Department of Agriculture			<u>506,630</u>	182,461	<u>506,631</u>	<u>82,447</u>
Total Federal Financial Assistance			<u>\$ 2,372,253</u>	<u>\$ 182,461</u>	<u>\$ 2,446,174</u>	<u>\$ 82,447</u>

See notes to the schedule of expenditures of federal awards.

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B: NUTRITION CLUSTER

Reimbursement monies are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

Food Distribution Program nonmonetary assistance is not part of the Nutrition Cluster; however, it is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed. At June 30, 2007, the School District had no significant food commodities inventory.

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

1. SUMMARY OF AUDITOR'S RESULTS
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A-133 Ref.
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Title I Nutrition Cluster	CFDA # 84.010 CFDA # 10.553& #10.555
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

NONE	
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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NONE	
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Mary Taylor, CPA
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
JANUARY 22, 2008