



**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
MONROE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
MONROE COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Switzerland of Ohio Local School District  
Monroe County  
304 Mill Street  
Woodsfield, Ohio 43793

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Switzerland of Ohio Local School District, Monroe County, Ohio (the School District), as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Switzerland of Ohio Local School District, Monroe County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principals generally accepted in the United States of America.

The accompanying general purpose financial statements have been prepared assuming that the School District will continue as a going concern. As discussed in Note 4, the School District accumulated a \$1,230,467 General Fund deficit, a \$5,064 Vocational Education Fund, Special Revenue Fund Type deficit, a \$7,763 Goals 2000, Special Revenue Fund Type deficit, a \$818 Drug Free, Special Revenue Fund Type deficit, a \$111,501 DPIA, Special Revenue Fund Type deficit, and a \$377,164 Lunchroom Fund, Enterprise Fund Type deficit at June 30, 2001. As discussed in Note 24, the School District accumulated debt of \$951,000 at June 30, 2001. The Auditor of State has also declared the School District to be in fiscal emergency. The aforementioned deficits raise substantial doubt about the School District's ability to continue as a going concern. Management's plan in regards to these matters are described in Note 24. The general purpose financial statements do not include any adjustments that may result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2001 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 grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for 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 general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

December 7, 2001

SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
 MONROE COUNTY  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 AS OF JUNE 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>Assets and Other Debits</b>								
<b>Assets:</b>								
Equity in Pooled Cash and Cash Equivalents	\$1,080,512	\$507,488	\$367,368	\$233,665	\$109,018	\$0	\$0	\$2,298,051
Cash and Cash Equivalents w/ Fiscal Agents	1,214							1,214
Receivables:								
Taxes	2,606,580		229,219					2,835,799
Accounts	2,825	4,033		640				7,498
Interfund	3,357							3,357
Intergovernmental	49,564	295,815		24,000				369,379
Prepaid Items	30,946							30,946
Inventory Held for Resale				6,539				6,539
Materials and Supplies Inventory				1,326				1,326
Restricted Assets:								
Equity in Pooled Cash and Cash Equivalents	108,196							108,196
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				96,365		23,397,856		23,494,221
Other Debits:								
Amount to be Provided from General Government Resources							2,099,978	2,099,978
<b>Total Assets and Other Debits</b>	<b>\$3,883,194</b>	<b>\$807,336</b>	<b>\$596,587</b>	<b>\$362,535</b>	<b>\$109,018</b>	<b>\$23,397,856</b>	<b>\$2,099,978</b>	<b>\$31,256,504</b>

(continued)

**SWITZERLAND OF OHIO LOCALSCHOOL DISTRICT  
MONROE COUNTY  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2001  
CONTINUED**

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>Liabilities, Fund Equity and Other Credits:</b>								
<b>Liabilities:</b>								
Accounts Payable	86,620	99,122	31,232	9,261				226,235
Contracts Payable			102,036					102,036
Accrued Wages and Benefits Payable	1,390,986	247,568		52,760				1,691,314
Compensated Absences Payable	27,944	684		30,603			1,677,630	1,736,861
Special Termination Benefits Payable	13,974						40,585	54,559
Intergovernmental Payable	332,733	50,647		34,953			142,900	561,233
Interfund Payable		3,357						3,357
Deferred Revenue	2,310,404	96,978	206,990	2,868				2,617,240
Due to Students					67,405			67,405
Undistributed Monies					400			400
Capital Lease Payable							29,363	29,363
Energy Conservation Loan Payable	270,000							270,000
State Emergency School Loan Payable	681,000							681,000
Tax Refund Payable							209,500	209,500
<b>Total Liabilities</b>	<b>5,113,661</b>	<b>498,356</b>	<b>340,258</b>	<b>130,445</b>	<b>67,805</b>	<b>0</b>	<b>2,099,978</b>	<b>8,250,503</b>
<b>Fund Equity and Other Credits:</b>								
Investments in General								
Fixed Assets						23,397,856		23,397,856
Contributed Capital				526,374				526,374
Retained Earnings:								
Unreserved (Deficit)				(294,284)				(294,284)
Fund Balances:								
Reserved for Encumbrances	376,057	56,734	158,191					590,982
Reserved for Unclaimed Monies	1,575							1,575
Reserved for Property Taxes	296,176		22,229					318,405
Reserved for Budget Stabilization	108,196							108,196
Unreserved, Undesignated (Deficits)	(2,012,471)	252,246	75,909		41,213			(1,643,103)
<b>Total Fund Equity (Deficits) and Other Credits</b>	<b>(1,230,467)</b>	<b>308,980</b>	<b>256,329</b>	<b>232,090</b>	<b>41,213</b>	<b>23,397,856</b>	<b>0</b>	<b>23,006,001</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$3,883,194</b>	<b>\$807,336</b>	<b>\$596,587</b>	<b>\$362,535</b>	<b>\$109,018</b>	<b>\$23,397,856</b>	<b>\$2,099,978</b>	<b>\$31,256,504</b>

The notes to the general purpose financial statements are an integral part of this statement.



**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
MONROE COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED June 30, 2001**

	Governmental Fund Types			Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Revenues:</b>					
Taxes	\$8,385,956	\$0	\$653,182	\$0	\$9,039,138
Intergovernmental	8,707,152	2,608,771	334,973		11,650,896
Interest	171,927			1,197	173,124
Tuition and Fees	74,496	27,177			101,673
Rent	1,182				1,182
Extracurricular Activities	15,275	254,124			269,399
Miscellaneous	160,189	28,679	9		188,877
<b>Total Revenues</b>	<b>17,516,177</b>	<b>2,918,751</b>	<b>988,164</b>	<b>1,197</b>	<b>21,424,289</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	6,088,662	804,448			6,893,110
Special	1,614,049	902,893			2,516,942
Vocational	1,441,991	62,031			1,504,022
Adult/Continuing		36,258			36,258
Other	561,217	258,320			819,537
Support Services:					
Pupils	283,961	232,874			516,835
Instructional Staff	433,415	201,026			634,441
Board of Education	13,950				13,950
Administration	1,368,074	49,853			1,417,927
Fiscal	499,111	1,000			500,111
Operation and Maintenance of Plant	1,597,059	7,384			1,604,443
Pupil Transportation	1,909,728	20,412			1,930,140
Central	50,059	45,849			95,908
Non-Instructional Services		111,210			111,210
Extracurricular Activities	181,050	292,749			473,799
Refund of Property Taxes	404,267				404,267
Capital Outlay	14,275	26,812	1,089,420		1,130,507
Debt Service					
Principal	3,120				3,120
Interest and Fiscal Charges	27,038				27,038
<b>Total Expenditures</b>	<b>16,491,026</b>	<b>3,053,119</b>	<b>1,089,420</b>	<b>0</b>	<b>20,633,565</b>
Excess of Revenue Over (Under) Expenditures	1,025,151	(134,368)	(101,256)	1,197	790,724
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Fixed Assets	20,231				20,231
Inception of Capital Lease	13,030				13,030
Operating Financing Uses				(2,000)	(2,000)
Operating Transfers In	172,607				172,607
Operating Transfers Out		(144,816)	(27,791)		(172,607)
<b>Total Other Financing Sources (Uses)</b>	<b>205,868</b>	<b>(144,816)</b>	<b>(27,791)</b>	<b>(2,000)</b>	<b>31,261</b>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,231,019	(279,184)	(129,047)	(803)	821,985
Fund Balances (Deficit) at Beginning of Year (Restated Note 3)	(2,461,486)	588,164	385,376	42,016	(1,445,930)
<b>Fund Balances (Deficit) at End of Year</b>	<b>(\$1,230,467)</b>	<b>\$308,980</b>	<b>\$256,329</b>	<b>\$41,213</b>	<b>(\$623,945)</b>

The notes to the general purpose financial statements are an integral part of this statement.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
MONROE COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES and EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$8,497,365	\$9,000,448	\$503,083	\$0	\$0	\$0
Intergovernmental	6,551,514	6,598,114	46,600	2,823,981	2,525,994	(297,987)
Interest	175,000	173,193	(1,807)			0
Tuition and Fees	74,876	74,912	36	27,030	27,177	147
Rent	1,160	1,182	22			0
Extracurricular Activities	15,275	15,275	0	246,167	250,165	3,998
Miscellaneous	118,883	139,638	20,755	25,947	27,218	1,271
<b>Total Revenues</b>	<u>15,434,073</u>	<u>16,002,762</u>	<u>568,689</u>	<u>3,123,125</u>	<u>2,830,554</u>	<u>(292,571)</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	6,341,527	6,182,090	159,437	889,716	788,961	100,755
Special	1,370,410	1,350,278	20,132	1,117,275	918,594	198,681
Vocational	1,795,342	1,773,683	21,659	69,314	62,760	6,554
Adult/Continuing			0	57,477	38,790	18,687
Other	562,600	548,293	14,307	304,219	266,427	37,792
Support Services:						
Pupils	284,377	273,686	10,691	257,622	229,981	27,641
Instructional Staff	446,415	427,320	19,095	350,825	226,939	123,886
Board of Education	16,560	13,822	2,738			0
Administration	1,461,116	1,399,186	61,930	78,968	50,010	28,958
Fiscal	528,569	504,506	24,063	2,000	1,000	1,000
Operation and Maintenance of Plant	1,692,265	1,634,846	57,419	9,384	7,216	2,168
Pupil Transportation	2,101,546	2,065,185	36,361	30,323	20,404	9,919
Central	53,238	49,754	3,484	46,903	45,875	1,028
Non-Instructional Services				154,327	124,178	30,149
Extracurricular Activities	183,114	181,060	2,054	392,718	314,785	77,933
Capital Outlay	1,245	1,245	0	80,000	27,265	52,735
Debt Service						
Principal	3,120	3,120	0			0
Interest and Fiscal Charges	4,876	4,876	0			0
<b>Total Expenditures</b>	<u>16,846,320</u>	<u>16,412,950</u>	<u>433,370</u>	<u>3,841,071</u>	<u>3,123,185</u>	<u>717,886</u>
Excess of Revenue Over (Under) Expenditures	(1,412,247)	(410,188)	1,002,059	(717,946)	(292,631)	425,315
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	17,000	20,231	3,231			0
Refund of Prior Year Receipts	(13,596)	(417,863)	(404,267)	(156)	(156)	0
Refund of Prior Year Expenditures	8,507	8,511	4	1,248	1,386	138
Other Financing Uses			0			0
Operating Transfers In	191,279	202,697	11,418	97,190		(97,190)
Operating Transfers Out	(15,038)		15,038	(146,446)	(144,816)	1,630
Advances In	196,403	196,403	0		2,394	2,394
Advances Out	(2,192)	(2,394)	(202)	(44,286)	(43,140)	1,146
<b>Total Other Financing Sources (Uses)</b>	<u>382,363</u>	<u>7,585</u>	<u>(374,778)</u>	<u>(92,450)</u>	<u>(184,332)</u>	<u>(91,882)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,029,884)	(402,603)	627,281	(810,396)	(476,963)	333,433
Fund Balances (Deficits) at Beginning of Year	771,641	771,641	0	651,493	651,493	0
Prior Year Encumbrances Appropriated	370,680	370,680	0	185,809	185,809	0
<b>Fund Balances at End of Year</b>	<u>\$112,437</u>	<u>\$739,718</u>	<u>\$627,281</u>	<u>\$26,906</u>	<u>\$360,339</u>	<u>\$333,433</u>

The notes to the general purpose financial statements are an integral part of this statement.

Debt Service Funds			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$307,163	\$307,163	\$0	\$711,000	\$717,934	\$6,934	\$0	\$0	\$0
2,090,500	2,090,500	0	304,229	334,973	30,744			0
1,862	1,862	0	0	0	0	990	1,197	207
0	0	0	0	0	0			0
0	0	0	0	0	0			0
0	0	0	0	0	0			0
0	0	0	0	10	10			0
<u>2,399,525</u>	<u>2,399,525</u>	<u>0</u>	<u>1,015,229</u>	<u>1,052,917</u>	<u>37,688</u>	<u>990</u>	<u>1,197</u>	<u>207</u>
0	0	0			0			0
0	0	0			0			0
0	0	0			0			0
0	0	0			0			0
0	0	0			0			0
0	0	0			0			0
150	150	0			0			0
0	0	0			0			0
0	0	0			0			0
0	0	0			0			0
0	0	0			0			0
0	0	0	1,359,839	1,326,612	33,227			0
2,375,500	2,375,500	0			0			0
<u>22,163</u>	<u>22,163</u>	<u>0</u>			<u>0</u>			<u>0</u>
<u>2,397,813</u>	<u>2,397,813</u>	<u>0</u>	<u>1,359,839</u>	<u>1,326,612</u>	<u>33,227</u>	<u>0</u>	<u>0</u>	<u>0</u>
1,712	1,712	0	(344,610)	(273,695)	70,915	990	1,197	207
		0			0			0
		0			0			0
		0			0			0
		0			0	(3,800)	(2,000)	(1,800)
(29,438)	(30,090)	(652)	(27,791)	(27,791)	0			0
		0			0			0
		0	(153,263)	(153,263)	0			0
<u>(29,438)</u>	<u>(30,090)</u>	<u>(652)</u>	<u>(181,054)</u>	<u>(181,054)</u>	<u>0</u>	<u>(3,800)</u>	<u>(2,000)</u>	<u>(1,800)</u>
(27,726)	(28,378)	(652)	(525,664)	(454,749)	70,915	(2,810)	(803)	(2,007)
29,588	29,588	0	103,581	103,581	0	42,016	42,016	0
0	0	0	427,078	427,078	0	0	0	0
<u>\$1,862</u>	<u>\$1,210</u>	<u>(\$652)</u>	<u>\$4,995</u>	<u>\$75,910</u>	<u>\$70,915</u>	<u>\$39,206</u>	<u>\$41,213</u>	<u>(\$2,007)</u>

(Continued)

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
MONROE COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES and EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(CONTINUED)**

<b>Totals (Memorandum Only)</b>			
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Taxes	\$9,515,528	\$10,025,545	\$510,017
Intergovernmental	11,770,224	11,549,581	(220,643)
Interest	177,852	176,252	(1,600)
Tuition and Fees	101,906	102,089	183
Rent	1,160	1,182	22
Extracurricular Activities	261,442	265,440	3,998
Miscellaneous	144,830	166,866	22,036
<b>Total Revenues</b>	<b>21,972,942</b>	<b>22,286,955</b>	<b>314,013</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	7,231,243	6,971,051	260,192
Special	2,487,685	2,268,872	218,813
Vocational	1,864,656	1,836,443	28,213
Adult/Continuing	57,477	38,790	18,687
Other	866,819	814,720	52,099
Support Services:			
Pupils	541,999	503,667	38,332
Instructional Staff	797,240	654,259	142,981
Board of Education	16,560	13,822	2,738
Administration	1,540,084	1,449,196	90,888
Fiscal	530,719	505,656	25,063
Operation and Maintenance of Plant	1,701,649	1,642,062	59,587
Pupil Transportation	2,131,869	2,085,589	46,280
Central	100,141	95,629	4,512
Non-Instructional Services	154,327	124,178	30,149
Extracurricular Activities	575,832	495,845	79,987
Capital Outlay	1,441,084	1,355,122	85,962
Debt Service			
Principal	2,378,620	2,378,620	0
Interest and Fiscal Charges	27,039	27,039	0
<b>Total Expenditures</b>	<b>24,445,043</b>	<b>23,260,560</b>	<b>1,184,483</b>
Excess of Revenue Over (Under) Expenditures	(2,472,101)	(973,605)	1,498,496
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Fixed Assets	17,000	20,231	3,231
Refund of Prior Year Receipts	(13,752)	(418,019)	(404,267)
Refund of Prior Year Expenditures	9,755	9,897	142
Other Financing Uses	(3,800)	(2,000)	1,800
Operating Transfers In	288,469	202,697	(85,772)
Operating Transfers Out	(218,713)	(202,697)	16,016
Advances In	196,403	198,797	2,394
Advances Out	(199,741)	(198,797)	944
<b>Total Other Financing Sources (Uses)</b>	<b>75,621</b>	<b>(389,891)</b>	<b>(465,512)</b>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,396,480)	(1,363,496)	1,032,984
Fund Balances (Deficits) at Beginning of Year	1,598,319	1,598,319	0
Prior Year Encumbrances Appropriated	983,567	983,567	0
<b>Fund Balances at End of Year</b>	<b>\$185,406</b>	<b>\$1,218,390</b>	<b>\$1,032,984</b>

**SWITZERLAND OF OHIO LOCALSCHOOL DISTRICT  
MONROE COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND EQUITY - PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Sales	\$318,492
Charges for Services	146,995
Other Revenue	19,993
Total Operating Revenues	485,480
<b>Operating Expenses:</b>	
Salaries	273,939
Fringe Benefits	154,900
Purchased Services	79,191
Materials and Supplies	134,241
Cost of Sales	320,935
Other	2,434
Depreciation	57
Total Operating Expenses	965,697
Operating Loss	(480,217)
<b>Non-Operating Revenues and Expenses:</b>	
Federal Donated Commodities	35,158
Interest	4,447
Loss on Disposal of Fixed Assets	(873)
Federal and State Subsidies	503,218
Total Non-Operating Revenues and Expenses	541,950
Net Income	61,733
Retained Earnings (Deficit) at Beginning of Year	(356,017)
Retained Earnings (Deficit) at End of Year	(294,284)
Contributed Capital at Beginning of Year	526,374
Capital Contributions During the Year	0
Contributed Capital at End of Year	526,374
<b>Total Fund Equity (Deficit) at End of Year</b>	<b>\$232,090</b>

The notes to the general purpose financial statements are an integral part of this statement.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
MONROE COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<b>Enterprise</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Sales	\$317,805	\$317,851	\$46
Charge for Services	152,055	165,278	13,223
Interest	0	4,447	4,447
Operating Grants	482,100	503,218	21,118
Other Revenue	29,520	19,993	(9,527)
<b>Total Revenues</b>	<b>981,480</b>	<b>1,010,787</b>	<b>29,307</b>
<b>Expenses:</b>			
Salaries	351,196	295,419	55,777
Fringe Benefits	171,915	139,104	32,811
Purchased Services	92,284	83,093	9,191
Materials and Supplies	460,204	415,295	44,909
Capital Outlay	35,418	14,750	20,668
Other	2,434	2,434	0
<b>Total Expenses</b>	<b>1,113,451</b>	<b>950,095</b>	<b>163,356</b>
Excess of Revenues Over Expenses	(131,971)	60,692	192,663
Total Equity (Deficit) at Beginning of Year	155,178	155,178	0
Prior Year Encumbrances Appropriated	6,723	6,723	0
<b>Total Equity at End of Year</b>	<b>\$29,930</b>	<b>\$222,593</b>	<b>\$192,663</b>

The notes to the general purpose financial statements are an integral part of this statement.

**SWITZERLAND OF OHIO LOCALSCHOOL DISTRICT  
MONROE COUNTY  
COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
Cash Flows from Operating Activities:	
Cash Received from Sales	\$317,851
Cash Received from Charge for Services	165,278
Other Operating Revenues	19,993
Cash Payments to Supplies for Goods and Services	(488,626)
Cash Payments for Employee Services	(295,419)
Cash Payments for Employee Benefits	(139,104)
Cash Payments Other Operating Expenses	(2,434)
	(422,461)
<b>Net Cash Used for Operating Activities</b>	<b>(422,461)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Operating Grants Received	503,218
	503,218
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>503,218</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Interest	4,447
Payments for Capital Acquisitions	(13,440)
	(8,993)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>(8,993)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>71,764</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>161,901</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$233,665</b>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>	
Operating Loss	(480,217)
	(480,217)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</b>	
Donated Commodities Used During Year	35,158
Depreciation	57
<b>Change in Assets and Liabilities:</b>	
Decrease in Accounts Receivable	17,643
Increase in Inventory Held for Resale	(116)
Increase in Materials and Supply Inventory	162
Decrease in Compensated Absences Payable	(3,872)
Increase in Special Termination Benefits	(4,431)
Increase in Intergovernmental Payables	8,379
Increase in Accounts Payable	4,188
Decrease in Wages and Benefits	588
	57,756
<b>Total Adjustments</b>	<b>57,756</b>
<b>Net Cash Used for Operating Activities</b>	<b>(\$422,461)</b>

The notes to the general purpose financial statements are an integral part of this statement.

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**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 1 – Description of the District and Reporting Entity**

**Description of the Entity**

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally elected five-member Board form of Government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the District's thirteen instructional/support facilities staffed by 121 non-certificated employees, 214 certificated full time teaching personnel and 23 administrative employees to provide services to 2795 students and other community members.

The District is the second largest in square miles in the State. It is located in Monroe County and parts of Noble and Belmont Counties.

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

Parochial School – Within the District boundaries, St. Sylvester's School is operated through the Steubenville Catholic Diocese. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activities of these State monies by the District are reflected in a special revenue fund for financial reporting purposes due to GASB Statement No. 24.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or service performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organizations; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approved the budget, the issuance of debt or the levying of taxes for the organization. The District has no component units.

The following entities which perform activities within the District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

**Village of Woodsfield** The village government of Woodsfield is a separate body politic and corporate. A mayor and council are elected independent of any District relationships and administer the provision of traditional village service. Council acts as the taxing and budgeting authority for these village services.

**Townships located within District** Township governments are separate bodies politic and corporate. A board of trustees and clerk are elected independent of any District relationships and administer the traditional township services. The Trustees act as the taxing and budgeting authority for these services.

**PTO and Athletic Boosters** These organizations exist to support the various endeavors of the District through donations of time and other resources. Although the District benefits directly from the activities, the district neither manages nor directs the operations nor provides financial support to these groups.

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 1– Description the District and Reporting Entity (continued)**

**Switzerland Education Association** The association is operated under Ohio Bargaining Law, which requires a separation of the bargaining unit and the District. The Association represents the eligible certificated employees of the District regarding personnel related matters. The District does not designate or appoint the representatives, approve and revise budgets, supervise accounting functions, or assume responsibility for financing deficits. Therefore, the Association is not included in the reporting entity.

The District was associated with one jointly governed organization and one group insurance purchasing pool during fiscal year 2001. These organizations are discussed in Note 18 and Note 19 to the general-purpose financial statements. These organizations are:

Jointly Governed Organization

Ohio Mid Eastern Regional Educational Service Center (OME-RESA)

Group Insurance Purchasing Pool

Ohio School Board Association Workers' Compensation Group Rating Program.

**District Financial Planning and Supervision Commission** A Financial Planning and Supervision Commission (Commission), as outlined in Ohio Revised Code Section 3316.05, was established. The Commission has the following powers, duties and functions:

1. To review or assume responsibility for the development of all tax budgets, tax levy and bond and note resolutions, appropriation measures, and certificate of estimated resources, to ensure that they are consistent with the financial recovery plan and a balanced budget for the current fiscal year; to request and review information on which the plan and a balanced budget may be developed and based; and to determine whether revenue and expenditure estimates will result in a balanced budget;
2. To review, revise, and approve determinations and certifications affecting the District made by the county budget commission or county auditor, and to ensure that such determinations are consistent with state law;
3. After consulting with District officials and the Auditor of State, to implement or require implementation of the steps necessary to bring the accounting, financial, and reporting procedures and systems of the district into compliance with the Auditor's rules, and to assume responsibility for achieving such compliance;
4. To assist the District, or to assume responsibility for structuring the terms and placement for sale of the district's obligations;
5. To make and enter into all contracts necessary or incidental to the performance of its duties and the exercise of its powers;
6. To consult with officials of the district and make recommendations or assume responsibility for implementing cost reductions and revenue increases to achieve balanced budgets and carry out the financial recovery plan; and
7. The commission is authorized to require the District board to establish, by resolution, monthly level of expenditures and encumbrances consistent with the financial recovery plan and the commission's review of the district's appropriation measures, or could establish such levels itself. If the commission permits the district to make expenditures, it must monitor monthly spending levels and require justification documents to substantiate any expenditure apart from the approved level without the written approval of the commission.

The Commission is still developing actions for its financial recovery plan.

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 2 – Summary of Significant Accounting Policies**

The financial statements of Switzerland of Ohio Local School District 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 District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**A. Basis of Presentation – Fund Accounting**

The District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statements presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary and fiduciary.

**Governmental Fund Types**

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

**General Fund**

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

**Special Revenues Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Funds**

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Funds**

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Proprietary Fund Type**

Proprietary Funds are used to account for the District's ongoing activities, which are similar to those found in the private sector. The following is the District's proprietary fund type:

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**A. Basis of Presentation – Fund Accounting (continued)**

**Enterprise Funds**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individual, private organizations, other governmental units and/or other funds. The District's fiduciary funds include agency funds and an expendable trust fund. The District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

**Account Groups**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term obligations related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

**General Long Term Obligations Account Group**

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i. e., revenues and other financing uses) and decreases (i.e. expenditures and other financing uses) in net current assets.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i. e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g. revenue) and decreases (e.g. expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made.

**Switzerland of Ohio Local School District**  
**Monroe County, Ohio**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended June 30, 2001**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**B. Measurement Focus and Basis of Accounting (continued)**

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

Non-exchange transactions, in which the 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 taxes are levied (see Note 7). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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, interest, tuition, grants and student fees.

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 the end of the year, but which were levied to finance next fiscal year operations, have been recorded as deferred revenue. Grants and entitlements received before 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.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year are reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund-function level for the General Fund

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**C. Budgetary Data (continued)**

and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid. The district budgets for advances.

**Tax Budget**

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

**Estimated Resources**

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriations measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended Certificate issued for the fiscal year 2001.

**Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function level of expenditure for the General Fund and at the fund level for all other funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriations measure, the Board may pass a temporary resolution to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control. Any revisions that alter the total of any fund-function appropriations for the General Fund and the total of any fund for all other funds, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the statements of budgetary comparison, represent the final appropriations by fund, do not exceed the final certificate of estimated resources, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

**Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Lapsing of Appropriations**

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 2001, the District's investments were limited to an overnight repurchase sweep account and STAR Ohio. The nonparticipating investment contracts and repurchase agreements are reported at cost.

State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$171,927, which includes \$83,673 assigned from other District funds.

The District has segregated bank accounts for monies held separate from the district's central bank account. These accounts are maintained by the District's banks that are servicing the District's debt and are presented in the combined balance sheet as "cash and cash equivalents with fiscal agents" since they are not required to be deposited into the District Treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**E. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to reflect statutory restrictions on their use. The reserve for budget stabilization consists of a refund received in fiscal year 1998 from the Bureau of Workers' Compensation, which State statute required to be included in this reserve. See Note 20 for the calculations of the year-end restricted asset balances and the corresponding fund balance reserves.

**F. Inventory**

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food and non-food supplies and are expended when used.

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The District maintains a capitalization threshold of one hundred dollars. The District has opted to include textbooks and library books as fixed assets. The District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life of ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**I. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivable and revenues when measurable and available. Reimbursement type grants are recorded as receivable and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

Grants and entitlements received in governmental funds amounted to 54 percent of governmental fund revenue during the 2001 fiscal year.

**J. Inter-fund Assets/Liabilities**

Receivable and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivable" and "interfund payables".

**K. Compensated Absences**

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



**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**K. Compensated Absences (continued)**

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after eight years of current service with the District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long term obligations account group. In proprietary funds, the entire amount of compensated absence is reported as a fund liability.

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations accounts group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid more than sixty days after year-end are considered not to have been paid with current available financial resources. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt retirement fund must be created and used for the payment of tax anticipation notes. Generally accepted accounting principles require the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**M. Inter-fund Transaction**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**N. Fund Balance Reserves**

The District reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, unclaimed monies and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
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For the Year Ended June 30, 2001**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**O. Contributed Capital**

Contributed capital represents resources from other funds, other governments and private sources provided to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. The District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal 1998. The exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings. Contributed Capital did not change during fiscal year 2001.

**P. Estimates**

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

**Q. Total Columns on General Purpose Financial Statements**

Total columns on the general-purpose financial statements are captioned “Totals (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flow in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have both been made in the aggregation of this data.

**Note 3 – Changes in Accounting Principal and Restatement of Fund Balance**

Changes in Accounting Principals. For fiscal year 2001, the District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions” and GASB Statement No. 36, “Reporting for Certain Shared and Non-exchange Revenues”. The implementation of GASB Statements 33 and 36 had no effect on fund balance at June 30, 2000. In addition, pursuant to Auditor of State Bulletin No. 2000-014, the E-Rate Special Revenue Fund is combined with the General Fund for fiscal year 2001. This implementation resulted in a change of fund balances of the General Fund and Special Revenue Fund Type in the amount of \$15,038 and \$(15,038), respectively.

**Note 4 – Accountability and Compliance**

**A. Fund Deficits**

At June 30, 2001, the following funds had deficit fund balances/retained earnings, which were created by the application of generally accepted accounting principles.

	<u>Fund Equity</u>
General Fund	\$ 1,230,467
Special Revenue Funds:	
Vocational Education	5,064
GOALS 2000	7,763
Drug Free	818
DPIA	111,501
Enterprise Fund:	
Lunchroom	377,164

**Switzerland of Ohio Local School District  
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For the Year Ended June 30, 2001**

**Note 5 – Budgetary Basis of Accounting**

While the District is reporting financial position, results of operations and changes in fund balance/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual, Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. 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/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statements (budget basis) rather than on the balance sheet transactions (GAAP basis).
5. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
6. The District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statement by fund type:

**Excess of Revenues and Other Financing Sources  
Over (under) Expenditures and Other Financing Uses  
All Governmental Fund Types and Expendable Trust Funds**

	General Fund	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$ 1,231,019	(\$279,184)	\$ -0-	(\$129,047)	(\$803)
Net Adjustment Revenue Accruals	(1,504,904)	(86,810)	2,399,525	64,753	
Perspective Difference: Allocation of Revenue for Debt Payments	30,090		(30,090)		
Net Adjustment Expenditure Accruals	86,729	76,927	(150)	54,267	
Debt Principal Payments			(2,375,500)		
Interest and Fiscal Charges	22,162		(22,163)		
Advances-In	196,403	2,394			
Inception of Capital Lease	(13,030)				
Advances-Out	(2,394)	(43,140)		(153,263)	
Encumbrances	(448,678)	(147,150)		(291,459)	
Budget Basis	(\$402,603)	(\$476,963)	(\$28,378)	(\$454,749)	(\$803)

**Switzerland of Ohio Local School District  
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Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 5 – Budgetary Basis of Accounting (continued)**

**Net Income/Excess of Revenues Under Expenses and Advances  
Proprietary Fund Type**

	Enterprise Fund
GAAP Basis	\$ 61,733
Revenue Accruals	17,516
Capital Outlay	(14,750)
Expense Accruals	7,139
Encumbrances	(11,072)
Inventory Held for Resale	126
Budget Basis	\$ 60,692

**Note 6 – Deposits and Investments**

State statutes classify monies held by the District into three categories

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or securities 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 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 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 issuance 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;

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 6 – Deposits and Investments (continued)**

5. No-load 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 (Star Ohio); and
7. Certain bankers’ acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty five percent of the interim monies available for investment at any one time;

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

During fiscal year 2001, the District’s investments were limited to an overnight repurchase sweep account, money market account and STAR Ohio.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, “Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.”

**Deposits**

At year-end, the carrying amount of the District’s cash and deposits was \$(18,110) and the bank balance was \$90,532. All of the bank balance was covered by federal depository insurance.

**Investments**

The District’s investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end.

**Category 1** includes investments that are insured or registered or for which securities are held by the District or its agent in the District’s name.

**Category 2** includes uninsured and unregistered investments, which are held by the counterparty’s trust departments or agent in the District’s name.

**Category 3** includes uninsured and unregistered investments for which the securities held by the counterparty or by its trust department or agent but not in the District’s name.

The Districts’ investments in Star Ohio, an investment pool operated by the Ohio State Treasurer and the money market account are unclassified investments since they are not evidenced by securities that exists in physical or book entry form.

	Category 1	Category 2	Category 3	Fair Value
Repurchase Agreement			\$ 111,260	\$ 111,260
STAR Ohio				2,313,097
Money Market Account			1,214	1,214
Total			\$ 112,474	\$ 2,425,571

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 6 – Deposits and Investments (continued)**

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalent / Deposits	Investments
GASB Statement 9	\$ 2,407,461	\$ -0-
Investments:		
Repurchase Agreements	(111,260)	111,260
STAR OHIO	(2,313,097)	2,313,097
Money Market Account	(1,214)	1,214
GASB Statement 3	\$ (18,110)	\$2,425,571

**Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2001 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
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For the Year Ended June 30, 2001**

**Note 7 – Property Taxes (continued)**

	2000 Second Half Collections		2001 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential/ Other Real Estate	\$ 163,486,040	54%	\$ 169,891,530	55%
Public Utility Personal	56,618,840	18%	56,097,800	18%
Tangible Personal Property	83,945,167	28%	81,654,420	27%
Total Assessed Valuation	304,050,047	100%	307,643,750	100%
Tax rate per \$1000 of assessed valuation	37.90		37.90	

The District receives property taxes from Monroe, Guernsey and Noble Counties. The Monroe County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001 was \$318,405. \$296,176 was available to the General Fund and \$22,229 was available to the Permanent Improvement Capital Projects Fund.

**Note 8 – Receivables**

Receivables at June 30, 2001, consisted of taxes, tuition, interfund 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 State programs and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivable follows:

General Fund:	
Special Education Reimbursement	\$ 6,755
E-Rate	20,143
CAFS	<u>22,666</u>
Total General Fund	<u>\$49,564</u>
Special Revenue Fund:	
Title VI-R	\$ 48,674
Title VI	1,916
Drug Free Grant	4,897
Continuous Improvement Grant	5,200
OEEF Grant	5,658
Adult Basic Education	11,347
Title VI-B	24,486
Title I	<u>193,637</u>
Total Special Revenue Fund	<u>\$295,815</u>

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 8 – Receivables (continued)**

Enterprise Funds:	
Adult Vocational Education	\$ 24,000
Total Enterprise Funds	\$ 24,000
Total Intergovernmental Receivables	<u>\$369,379</u>

**Note 9 – Fixed Assets**

A Summary of the enterprise funds' fixed assets at June 30, 2001 follows:

Furniture and Equipment	\$ 491,253
Less: accumulated depreciation	394,888
Net Fixed Assets	96,365

A summary of the change in general fixed assets during fiscal year 2001 follows:

	Balance 07/01/00	Additions	Deductions	Balance 06/30/01
Land and Improvements	\$ 868,185	\$ 61,173	\$ -0-	\$ 929,358
Buildings and Improvements	10,807,822	715,473	-0-	11,523,295
Furniture and Equipment	6,683,100	535,869	205,963	7,013,006
Vehicles	2,606,626	207,880	217,368	2,597,138
Textbooks and Library Books	1,335,059	-0-	-0-	1,335,059
Total General Fixed Assets	\$ 22,300,792	\$ 1,520,395	\$ 423,331	\$ 23,397,856

**Note 10 – Risk Management**

**1. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. For fiscal year 2001, the District contracted with Indiana Insurance for property and general liability insurance. There is a \$1,000 deductible with a one hundred percent blanket, all risk policy. Indiana Insurance covers the boiler and machinery with a \$1,000 deductible and a \$40,360,845 limit.

The Nationwide Insurance Company with a \$2,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible protects Professional liability. Vehicles are covered by Nationwide Insurance and hold a \$1,000 deductible for comprehensive and collision. Automobile liability has a \$2,000,000 combined single limit of liability.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.



**Switzerland of Ohio Local School District  
Monroe County, Ohio  
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For the Year Ended June 30, 2001**

**Note 10 – Risk Management (continued)**

**2. Workers' Compensation**

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating District is calculated as one experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. 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 shared equally in the overall performance of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Note 11 – Defined Benefit Pension Plans**

**School Employee Retirement System**

The District contributes to the School Employees Retirement System (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, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 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 a statutory maximum amount by the SERS Retirement Board. The District's required contributions for pension obligation to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$107,168, \$131,562 and \$174,353 respectively; 49 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999.

\$54,583 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respected funds and the general long-term obligations account group.

**State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Code. STRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teacher Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 11 – Defined Benefit Pension Plans (continued)**

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal year ended June 30, 2001, 2000 and 1999 were \$835,037, \$520,380 and \$519,846 respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999.

\$137,926 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

**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 School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 12 – Post-employment Benefits**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), 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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored 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. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$392,014 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and 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, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$265,078.

**Switzerland of Ohio Local School District  
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Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 12 – Post-employment 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. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Note 13 – Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve-month contract do not earn vacation time. Teachers, administrative and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulated is limited to 240 days. Upon retirement, payment is made for twenty five percent of the total sick leave accumulation, up to a maximum accumulation of 55 days.

**B. Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance to most employees through Aetna Insurance Company. Coverage in the amount of \$25,000 is provided for all certified and non-certified employees. Administrators have coverage of twice the salary amount with a maximum of \$100,000.

The District has contracted with Aetna Insurance to provide employee medical/surgical, and dental benefits. Rates are set through an annual calculation process. The employee shares the cost of the monthly premium with the Board for medical /surgical benefits. For fiscal year 2001, the District's and the employees' premiums for medical/surgical benefits for the staff were \$533 and \$59 for family coverage and \$190 and \$21 for single coverage per employee per month, respectively. The premium for dental coverage was funded entirely by the District at \$47 and \$17 per employee per month for family and single coverage, respectively.

**C. Special Termination Benefits**

The District's negotiated agreement with the Switzerland of Ohio Education Association provides for payment of one-half of total accumulated sick leave to any certificated staff who is covered under their contract and retires in the first year that they become eligible to receive benefits from the State Teachers Retirement Board. Any certificated staff covered under this contract who retires at any other time is eligible to receive one-fourth of their accumulated sick leave up to a maximum of 56 days.

The District's negotiated agreement with OAPSE/AFSCME Local 4 provides for payment of one-fourth of total accumulated sick leave to any classified employee covered under their contract who retires while in service with the District.

The District's policies provide for payment of one-fourth of accumulated sick leave to any administrative staff who retires from service with the District.

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 14 – Long-term Obligations**

The changes in the District’s long-term obligations during fiscal year 2001 were as follows:

	Outstanding 06/30/00	Additions	Reductions	Outstanding 06/30/01
Compensated Absences	\$ 1,614,750	\$ 238,382	\$ 175,502	\$ 1,677,630
Capital Lease Payable	19,453	13,030	3,120	29,363
Tax Refund Payable	613,767	-0-	404,267	209,500
Special Termination Benefits	48,902	40,585	48,902	40,585
Long-term Pension Liability	140,718	142,900	140,718	142,900
Total Long-term Obligations	\$ 2,437,590	\$ 434,897	\$ 772,509	\$ 2,099,978

Compensated absences, early retirement incentive and long-term pension obligations will be paid from the fund, which the employee’s salaries are paid. Capital leases are paid from the general fund.

Based on a March 26, 1997 decision by the Ohio State Supreme Court, the District is required to refund to Texas Eastern Transmission Corporation public utility property taxes collected for the 1991 through 1996 tax years. The liability will be paid from the General Fund through reductions in tax settlements. No interest will be charged on the liability for the 1992 through 1996 tax years.

Requirements to retire the Tax Refund obligation at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	Requirement
2002	209,500
Total	\$ 209,500

**Note 15 – Short-term Obligations**

Debt outstanding at June 30, 2001 consisted of the following:

Issue	Interest Rate	Maturity Date	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
Energy Conservation Notes	5.50%	12/01/03	\$ 405,000	\$ -0-	\$ 135,000	\$ 270,000
Tax Anticipation Note	4.80%	12/01/00	150,000	-0-	150,000	-0-
State Solvency Advancement	0.00%	06/30/01	1,409,500	-0-	1,409,500	-0-
State Solvency Advancement	0.00%	06/30/02	1,362,000		681,000	681,000
Total			\$ 3,326,500	\$ -0-	\$ 2,375,500	\$ 951,000

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 15 – Short-term Obligations (continued)**

All current obligation notes outstanding, issued to provide funds for the operating expenses and acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payment of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund on the budget basis and in the General Fund and Capital Project Fund on a GAAP basis.

A summary of the District's future amortization of debt funding requirements as of June 30, 2001 follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2002	\$ 816,000	\$ 11,138	\$ 827,138
2003	135,000	3,713	138,713
Totals	\$ 951,000	\$ 14,851	\$ 965,851

**Note 16 – Capital Leases – Lessee Disclosure**

The District has capitalized leases for telephone equipment and a photocopying machine. Each 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. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statement for the governmental funds. General fixed assets consisting of equipment and a photocopying machine have been capitalized in the general fixed assets account group in the amount of \$41,704. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 total \$3,120 in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30	GLTOAG
2002	\$ 11,166
2003	11,166
2004	11,166
2005	3,170
2006	<u>3,170</u>
Total	\$ 39,838
Less: Amount Representing Interest	<u>(\$ 10,475)</u>
Present Value of net Minimum Lease Payments	<u>\$ 29,363</u>

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 17 – Segment Information for Enterprise Fund**

The District maintains three enterprise funds to account for the operations of food service, rotary, and adult vocational education. The table below reflects in a summarized format the more significant financial data relating to the enterprise fund of the District as of and for the fiscal year ended June 30, 2001.

	Food Service	Rotary	Adult Vocational	Total
Operating Revenues	\$324,085	\$29,416	\$131,979	\$485,480
Operating Expense Less Depreciation	772,093	33,460	160,087	965,640
Depreciation Expense	57	-0-	-0-	57
Operating Income (Loss)	(448,065)	(4,044)	(28,108)	(480,217)
Donated Commodities	35,158	-0-	-0-	35,158
Operating Grants	503,218	-0-	-0-	503,218
Loss on Disposal of Fixed Assets	(873)	-0-	-0-	(873)
Net Income (Loss)	93,885	(4,044)	(28,108)	61,733
Fixed Asset Additions	8,162	-0-	5,278	13,440
Net Working Capital	111,881	21,339	54,720	187,940
Total Assets	261,014	21,339	80,182	362,535
Long-term Compensated Absences Payable	30,603	-0-	-0-	30,603
Total Equity	149,210	21,339	61,541	232,090
Encumbrances at June 30, 2001	5,000	200	5,872	11,072

**Note 18 – Jointly Governed Organization**

The Mid-Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has 12 participating counties consisting of Belmont, Carroll, Coubiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. The Jefferson County Educational Service Center serves as fiscal agent and receives funding from the State Department of Education. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

**Note 19 – Insurance Purchasing Pool**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President – Elect and the Immediate Past President of the OSBA. The Executive Director of OSBA, or his designee, serves as coordinator of the program. Each year, the participating Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 20 – Set-Aside Calculations and Fund Reserves**

The 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 the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The District is also required to set aside money for budget stabilization.

The following cash basis information describes the changes in the year-end set-aside amounts for textbooks, capital improvements and budget stabilization. Disclosure of this information is required by the State statute.

	<u>Budget Stabilization</u>	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance, June 30, 2000	\$108,196	\$ -0-	\$ -0-
Carryover of prior year qualifying Disbursements	-0-	(102,209)	-0-
Current Year Set-Aside Requirement	-0-	392,059	392,059
Qualifying offset	-0-	(386,971)	(386,971)
Qualifying disbursements	<u>-0-</u>	<u>(344,947)</u>	<u>(139,502)</u>
Total	<u>\$108,196</u>	<u>(442,068)</u>	<u>(134,414)</u>
Set-aside balance carried forward to Future fiscal years	<u>\$ 108,196</u>	<u>(\$442,068)</u>	<u>\$ -0-</u>
Set-aside reserve balance as of June 30, 2001	<u>\$ 108,196</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The District has qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement of future years. Although the District has qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for capital improvements set-aside, this amount may not be used to reduce the set-aside requirement of future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$108,196.

**Note 21 – Inter-fund Transactions**

Inter-fund balances at June 30, 2001 consisted of the following individual fund receivables/payables:

**Inter-fund Receivable/Payable:**

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 3,357	\$ -0-
Special Revenue Fund	<u>-0-</u>	<u>3,357</u>
Total	<u>\$ 3,357</u>	<u>\$ 3,357</u>

**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 22 – State School Funding Decision**

On September 16, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 7, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and determine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**Note 23 – Contingencies**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally required 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 adverse effect on the overall financial position of the District at June 30, 2001.

**B. Litigation**

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



**Switzerland of Ohio Local School District  
Monroe County, Ohio  
Notes to the General Purpose Financial Statements  
For the Year Ended June 30, 2001**

**Note 24 – Going Concern Considerations**

The District was placed in Fiscal emergency on June 9, 1998. Upon the declaration of a fiscal emergency in a school district, a financial planning and supervision commission is to be established to govern the district and the District is eligible for emergency funds (Solvency Loans).

In addition to the District being in fiscal emergency, the following conditions or events are of concern:

The District's debt balance at June 30, 2001 was \$951,000 and the debt balance at October 10, 2001 was \$724,000;

The District is repaying Texas Eastern for public utility property taxes paid in 1991 through 1996 tax years, the District still owes a tax refund of \$209,500 with annual amounts being reduced from tax settlements. Columbia Gas has challenged their public utility property taxes paid across the State, if Columbia Gas wins their lawsuit, it will create additional tax liability for the District;

Included in the District's June 30, 2001 debt totals above is the following operating debt: one solvency advancements for a total of \$681,000;

The District recently signed a three-year agreement with the teacher's union and the classified employees' union. Both agreements grant no raises over the life of the contracts;

The District's staffing is at State minimum requirements therefore limiting the District's ability to cut costs through staff reduction;

The District passed a 2.5-mill, 3-year permanent improvement renewal levy in May 1999 and a 5-mill, 5-year operating levy renewal in March 2001. The permanent improvement levy should provide \$701,812 annually; the operating levy should provide \$1,439,574 annually.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
MONROE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Cash Receipts</b>	<b>Noncash Receipts</b>	<b>Cash Disbursements</b>	<b>Noncash Disbursements</b>
<b><u>U.S. Department of Agriculture</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$	\$35,158	\$	\$35,158
National School Breakfast Program	48652-05-PU-01	10.553	\$103,017		\$103,017	
National School Lunch Program	48652-03-PU-01	10.555	368,109		368,109	
Total U.S. Department of Agriculture-Nutrition Cluster			471,126	35,158	471,126	35,158
<b><u>U.S. Department of Education</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education - State Grant Program	48652-AB-S1-99C	84.002			403	
	48652-AB-S1-00	84.002	3,097		21,942	
	48652-AB-S1-01	84.002	25,789		25,789	
Total Adult Education - State Grant Program			28,886		48,134	
Educationally Deprived Children - Local Educational Agencies Title I	48652-C1-S1-99C	84.010			6,178	
	48652-C1-S1-00	84.010	52,556		225,914	
	48652-C1-S1-01	84.010	728,421		722,801	
Total Title I			780,977		954,893	
Education of the Handicapped	48652-6B-SF-00P	84.027			41,749	
	48652-6B-SF-01P	84.027	220,356		154,011	
Total Education of the Handicapped			220,356		195,760	
Vocational Education - Basic Grants to States	48652-20-C1-00	84.048	8,646		5,775	
	48652-20-C1-01	84.048	58,642		56,607	
	48652-20-C2-01	84.048	10,000		10,000	
Total Vocational Education - Basic Grants			77,288		72,382	
Drug Free Schools and Communities Grant	48652-DR-S1-99C	84.186			1,071	
	48652-DR-S1-00	84.186	2,490		506	
	48652-DR-S1-01	84.186	7,345		7,305	
Total Drug Free Schools			9,835		8,882	
Goals 2000 Grant	48652-G2-S2-00	84.276	30,800		25,190	
	48652-G2-S2-01	84.276	25,000			
Total Goals 2000			55,800		25,190	
Eisenhower Professional Development State Grant	48652-MS-S1-99C	84.281			2,831	
	48652-MS-S1-00	84.281			6,077	
	48652-MS-S1-01	84.281	17,240		962	
Total Eisenhower Professional Development			17,240		9,870	
Innovative Programs, IASA Title VI	48652-C2-S1-99C	84.298			50	
	48652-C2-S1-00	84.298	3,818		2,534	
	48652-C2-S1-01	84.298	18,443		14,233	
Total Title VI			22,261		16,817	
Class Size Reduction	48652-C2-S1-00	84.340	22,602		45,202	
	48652-C2-S1-01	84.340	73,012		62,057	
Total Class Size Reduction			95,614		107,259	
Total U.S. Department of Education			1,308,257		1,439,187	

SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
MONROE COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Noncash Receipts	Cash Disbursements	Noncash Disbursements
<b><u>Appalachian Regional Commission</u></b>						
<i>Passed-Through Ohio Department of Education:</i>						
Appalachian Vocational and Other Education Facilities and Operations	48652-D1-04-00	23.012	_____	_____	2,341	_____
Total Appalachian Regional Commission					2,341	
<b><u>U.S. Department of Health and Human Services</u></b>						
<i>Passed-Through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program	N/A	93.778	33,469	_____	33,469	_____
Total U.S. Department of Health and Human Services			33,469	_____	33,469	_____
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$1,812,852</u></b>	<b><u>\$35,158</u></b>	<b><u>\$1,946,123</u></b>	<b><u>\$35,158</u></b>

The accompanying notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
MONROE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) 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 - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had no significant food commodities in inventory.

**NOTE C - NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAMS**

Federal monies are commingled with total food service funds. It is assumed federal monies are expended first.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Switzerland of Ohio Local School District  
Monroe County  
304 Mill Street  
Woodsfield, Ohio 43793

To the Board of Education:

We have audited the financial statements of Switzerland of Ohio Local School District, Monroe County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 7, 2001, wherein we expressed substantial doubt about the School District's ability to continue as a going concern. 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.

**Compliance**

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 grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated December 7, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 management of the School District in a separate letter dated December 7, 2001.

Switzerland of Ohio Local School District  
Monroe County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

December 7, 2001



STATE OF OHIO  
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JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Switzerland of Ohio Local School District  
Monroe County  
304 Mill Street  
Woodsfield, Ohio 43793

To the Board of Education:

**Compliance**

We have audited the compliance of Switzerland of Ohio Local School District, Monroe County, Ohio (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 its major federal program for the year ended June 30, 2001. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 its major federal program for the year ended June 30, 2001.

**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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Switzerland of Ohio Local School District  
Monroe County

Report of Independent Accountants on Compliance With Requirements Applicable to the Major Federal  
Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

**Jim Petro**  
Auditor of State

December 7, 2001



**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**1. SUMMARY OF AUDITORS' RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster -CFDA # 10.553, 10.555, 10.550
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: ≥\$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

There were no findings for GAGAS

**3. FINDINGS FOR FEDERAL AWARDS**

There were no findings for federal awards.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT**

**MONROE 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 3, 2002**