



**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO  
AUDITOR OF STATE**

**STATE OF OHIO**



**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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## REPORT ON INDEPENDENT ACCOUNTANTS

Swanton Local School District  
Fulton County  
108 North Main Street  
Swanton, Ohio 43558

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Swanton Local School District (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Government'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 generally accepted auditing standards 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 Swanton Local School District, Fulton County, as of June 30, 2000, and the results of its operations and the cash flows of its enterprise funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2001 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That 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.

**Jim Petro**  
Auditor of State

March 29, 2001

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**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Assets and Other Debits:</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$890,164	\$227,653	\$52,980	\$110,852
Cash and Cash Equivalents with Fiscal Agent		656		
Receivables:				
Property Taxes	5,714,541	59,329	16,009	364,471
Accounts	21,583			
Intergovernmental	12,653			
Accrued Interest				
Interfund	6,804			
Prepaid Items	10,968	229		
Materials and Supplies Inventory	26,415			
Inventory Held for Resale				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	179,556			
Advances to Other Funds	25,000			
Fixed Assets (net, where applicable, of accumulated depreciation)				
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Governmental Resources				
<b>Total Assets and Other Debits</b>	<b>\$6,887,684</b>	<b>\$287,867</b>	<b>\$68,989</b>	<b>\$475,323</b>



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$8,469	\$33,069			\$1,323,187 656
				6,154,350
11,703	147			21,583
				24,356
650				147
				6,804
9,827				11,847
				26,415
				9,827
				179,556
				25,000
54,979		\$8,330,253		8,385,232
			\$54,521	54,521
			1,221,712	1,221,712
<b>\$85,628</b>	<b>\$33,216</b>	<b>\$8,330,253</b>	<b>\$1,276,233</b>	<b>\$17,445,193</b>

(Continued)

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000  
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity, and Other Credits:</b>				
<u>Liabilities:</u>				
Accounts Payable	\$16,415	\$14,044		
Accrued Wages and Benefits	903,575	18,841		
Compensated Absences Payable	68,332			
Intergovernmental Payable	147,205	5,423		
Interfund Payable		6,804		
Deferred Revenue	5,094,736	53,519	\$14,468	\$324,195
Due to Students				
Advances From Other Funds				
Early Retirement Incentive Payable	12,150			
Special Termination Benefits Payable	104,300			
Loan Payable				
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	6,346,713	98,631	14,468	324,195
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets				
Retained Earnings				
Unreserved (Deficit)				
Contributed Capital				
Fund Balance:				
Reserved for Property Taxes	451,497	4,311	1,166	27,908
Reserved for Inventory	26,415			
Reserved for Textbooks	131,721			
Reserved for Budget Stabilization	41,707			
Reserved for Bus Purchase	6,128			
Reserved for Advances	25,000			
Reserved for Encumbrances	263,624	19,808		92,806
Unreserved (Deficit)	(405,121)	165,117	53,355	30,414
Total Fund Equity (Deficit) and Other Credits	540,971	189,236	54,521	151,128
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$6,887,684</b>	<b>\$287,867</b>	<b>\$68,989</b>	<b>\$475,323</b>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
				\$30,459
\$29,598				952,014
17,838			\$747,460	833,630
27,779			60,841	241,248
				6,804
5,502				5,492,420
	\$18,580			18,580
25,000				25,000
				12,150
				104,300
			167,932	167,932
			270,000	270,000
			30,000	30,000
<u>105,717</u>	<u>18,580</u>	<u></u>	<u>1,276,233</u>	<u>8,184,537</u>
		\$8,330,253		8,330,253
(27,546)				(27,546)
7,457				7,457
				484,882
				26,415
				131,721
				41,707
				6,128
				25,000
				376,238
	14,636			(141,599)
<u>(20,089)</u>	<u>14,636</u>	<u>8,330,253</u>	<u></u>	<u>9,260,656</u>
<u>\$85,628</u>	<u>\$33,216</u>	<u>\$8,330,253</u>	<u>\$1,276,233</u>	<u>\$17,445,193</u>

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
All Governmental and Similar Fiduciary Fund Types  
For the Fiscal Year Ended June 30, 2000**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues:</b>		
Property Taxes	\$5,310,612	\$54,026
Intergovernmental	4,524,251	423,234
Interest	108,474	
Tuition and Fees	74,599	23,835
Rent	11,017	
Gifts and Donations	20,772	44,327
Extracurricular Activities		173,433
Miscellaneous	40,209	3,950
Total Revenues	10,089,934	722,805
<b>Expenditures:</b>		
Current:		
Instruction:		
Regular	4,989,014	110,557
Special	1,073,499	147,614
Vocational	175,805	810
Other	44,735	
Support Services:		
Pupils	400,860	53,057
Instructional Staff	405,291	32,040
Board of Education	9,064	
Administration	874,057	43,452
Fiscal	351,378	9,739
Business	620	
Operation and Maintenance of Plant	785,331	
Pupil Transportation	546,199	11,553
Central	23,343	
Non-Instructional Services		157,434
Extracurricular Activities	243,456	64,366
Capital Outlay		
Debt Service:		
Principal Retirement	18,750	
Interest and Fiscal Charges		
Total Expenditures	9,941,402	630,622
Excess of Revenues Over (Under) Expenditures	148,532	92,183
<b>Other Financing Sources (Uses):</b>		
Operating Transfers In		
Operating Transfers Out	(41,327)	
Total Other Financing Sources (Uses)	(41,327)	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	107,205	92,183
Fund Balances at Beginning of Year	432,257	97,053
Increase in Reserve for Inventory	1,509	
<b>Fund Balances at End of Year</b>	<b>\$540,971</b>	<b>\$189,236</b>

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

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$14,235	\$331,462		\$5,710,335
1,476	30,851		4,979,812
		\$703	109,177
			98,434
			11,017
			65,099
			173,433
	2,000	10,362	56,521
<u>15,711</u>	<u>364,313</u>	<u>11,065</u>	<u>11,203,828</u>
			5,099,571
			1,221,113
			176,615
			44,735
			453,917
	10,552		447,883
			9,064
			917,509
420	5,109		366,646
			620
			785,331
			557,752
			23,343
		11,362	168,796
			307,822
	248,050		248,050
95,611			114,361
31,918			31,918
<u>127,949</u>	<u>263,711</u>	<u>11,362</u>	<u>10,975,046</u>
<u>(112,238)</u>	<u>100,602</u>	<u>(297)</u>	<u>228,782</u>
108,080			108,080
	(66,753)		(108,080)
<u>108,080</u>	<u>(66,753)</u>		
(4,158)	33,849	(297)	228,782
58,679	117,279	14,933	720,201
			1,509
<u>\$54,521</u>	<u>\$151,128</u>	<u>\$14,636</u>	<u>\$950,492</u>

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual Comparison (Non-GAAP Budgetary Basis)  
All Governmental and Similar Fiduciary Fund Types  
For the Fiscal Year Ended June 30, 2000**

	<b>General Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property Taxes	\$4,854,226	\$4,985,271	\$131,045
Intergovernmental	4,437,631	4,544,181	106,550
Interest	75,000	108,043	33,043
Tuition and Fees	74,000	64,024	(9,976)
Rent	10,000	11,017	1,017
Gifts and Donations	17,237	21,237	4,000
Extracurricular Activities			
Miscellaneous	11,750	21,970	10,220
Total Revenues	<u>9,479,844</u>	<u>9,755,743</u>	<u>275,899</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	5,176,445	5,004,418	172,027
Special	1,177,618	1,092,030	85,588
Vocational	190,109	175,213	14,896
Other	96,000	43,888	52,112
Support Services:			
Pupils	413,187	393,505	19,682
Instructional Staff	507,094	414,392	92,702
Board of Education	13,048	9,064	3,984
Administration	934,401	885,979	48,422
Fiscal	381,636	347,933	33,703
Business	1,025	620	405
Operation and Maintenance of Plant	977,453	821,148	156,305
Pupil Transportation	597,777	594,078	3,699
Central	29,000	23,343	5,657
Non-Instructional Services			
Extracurricular Activities	276,452	241,790	34,662
Capital Outlay			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	<u>10,771,245</u>	<u>10,047,401</u>	<u>723,844</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,291,401)</u>	<u>(291,658)</u>	<u>999,743</u>
<b>Other Financing Sources (Uses):</b>			
Refund of Prior Year Expenditures	17,477	24,247	6,770
Refund of Prior Year Receipts			
Operating Transfers In			
Operating Transfers Out	(50,000)	(41,327)	8,673
Advances Out	(25,000)	(25,000)	
Total Other Financing Sources (Uses)	<u>(57,523)</u>	<u>(42,080)</u>	<u>15,443</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,348,924)</u>	<u>(333,738)</u>	<u>1,015,186</u>
Fund Balances at Beginning of Year	1,090,487	1,090,487	
Prior Year Encumbrances Appropriated	42,986	42,986	
<b>Fund Balances (Deficit) at End of Year</b>	<b><u>(\$215,451)</u></b>	<b><u>\$799,735</u></b>	<b><u>\$1,015,186</u></b>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$53,029	\$51,956	(\$1,073)	\$12,856	\$13,635	\$779
19,907	312,880	292,973	1,450	1,476	26
	23,835	23,835			
13,500	44,327	30,827			
128,543	173,433	44,890			
	3,950	3,950			
<u>214,979</u>	<u>610,381</u>	<u>395,402</u>	<u>14,306</u>	<u>15,111</u>	<u>805</u>
163,346	113,933	49,413			
158,439	94,947	63,492			
1,256	810	446			
2,068	1,677	391			
23,890	21,641	2,249			
34,442	45,280	(10,838)			
31,629	22,425	9,204	770	420	350
17,054	11,539	5,515			
233,175	170,126	63,049			
93,575	66,657	26,918			
			95,611	95,611	
			31,949	31,918	31
<u>758,874</u>	<u>549,035</u>	<u>209,839</u>	<u>128,330</u>	<u>127,949</u>	<u>381</u>
<u>(543,895)</u>	<u>61,346</u>	<u>605,241</u>	<u>(114,024)</u>	<u>(112,838)</u>	<u>1,186</u>
			41,634	108,080	66,446
			<u>41,634</u>	<u>108,080</u>	<u>66,446</u>
(543,895)	61,346	605,241	(72,390)	(4,758)	67,632
117,553	117,553		57,738	57,738	
8,742	8,742				
<u><b>(\$417,600)</b></u>	<u><b>\$187,641</b></u>	<u><b>\$605,241</b></u>	<u><b>(\$14,652)</b></u>	<u><b>\$52,980</b></u>	<u><b>\$67,632</b></u>

(Continued)

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual Comparison (Non-GAAP Budgetary Basis)  
All Governmental and Similar Fiduciary Fund Types  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

	<b>Capital Projects Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property Taxes	\$313,845	\$313,741	(\$104)
Intergovernmental	32,000	30,851	(1,149)
Interest			
Tuition and Fees			
Rent			
Gifts and Donations			
Extracurricular Activities			
Miscellaneous			
Total Revenues	<u>345,845</u>	<u>344,592</u>	<u>(1,253)</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular			
Special			
Vocational			
Other			
Support Services:			
Pupils			
Instructional Staff	12,732	10,861	1,871
Board of Education	48,000	64,024	(16,024)
Administration			
Fiscal	6,800	5,109	1,691
Business			
Operation and Maintenance of Plant			
Pupil Transportation			
Central			
Non-Instructional Services			
Extracurricular Activities			
Capital Outlay	439,674	382,650	57,024
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	<u>507,206</u>	<u>462,644</u>	<u>44,562</u>
Excess of Revenues Over (Under) Expenditures	<u>(161,361)</u>	<u>(118,052)</u>	<u>43,309</u>
<b>Other Financing Sources (Uses):</b>			
Refund of Prior Year Expenditures		2,000	2,000
Refund of Prior Year Receipts		(12,975)	(12,975)
Operating Transfers In			
Operating Transfers Out	(66,753)	(66,753)	
Advances Out			
Total Other Financing Sources (Uses)	<u>(66,753)</u>	<u>(77,728)</u>	<u>(10,975)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(228,114)</u>	<u>(195,780)</u>	<u>32,334</u>
Fund Balances at Beginning of Year	45,989	45,989	
Prior Year Encumbrances Appropriated	167,837	167,837	
<b>Fund Balances (Deficit) at End of Year</b>	<b><u>(\$14,288)</u></b>	<b><u>\$18,046</u></b>	<b><u>\$32,334</u></b>

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



Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$5,233,956	\$5,364,603	\$130,647
			4,490,988	4,889,388	398,400
	\$712	\$712	75,000	108,755	33,755
			74,000	87,859	13,859
			10,000	11,017	1,017
			30,737	65,564	34,827
			128,543	173,433	44,890
	10,362	10,362	11,750	36,282	24,532
	11,074	11,074	10,054,974	10,736,901	681,927
			5,339,791	5,118,351	221,440
			1,336,057	1,186,977	149,080
			191,365	176,023	15,342
			96,000	43,888	52,112
			415,255	395,182	20,073
			543,716	446,894	96,822
			61,048	73,088	(12,040)
			968,843	931,259	37,584
			420,835	375,887	44,948
			1,025	620	405
			977,453	821,148	156,305
			614,831	605,617	9,214
			29,000	23,343	5,657
\$16,885	11,812	5,073	250,060	181,938	68,122
			370,027	308,447	61,580
			439,674	382,650	57,024
			95,611	95,611	
			31,949	31,918	31
16,885	11,812	5,073	12,182,540	11,198,841	983,699
(16,885)	(738)	16,147	(2,127,566)	(461,940)	1,665,626
			17,477	26,247	8,770
				(12,975)	(12,975)
			41,634	108,080	66,446
			(116,753)	(108,080)	8,673
			(25,000)	(25,000)	
			(82,642)	(11,728)	70,914
(16,885)	(738)	16,147	(2,210,208)	(473,668)	1,736,540
14,777	14,777		1,326,544	1,326,544	
			219,565	219,565	
<b>(\$2,108)</b>	<b>\$14,039</b>	<b>\$16,147</b>	<b>(\$664,099)</b>	<b>\$1,072,441</b>	<b>\$1,736,540</b>

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Revenues, Expenses,  
and Changes in Fund Equity  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2000**

	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Sales	\$274,366
Other Operating Revenues	89
Total Operating Revenues	274,455
<b>Operating Expenses:</b>	
Salaries	149,855
Fringe Benefits	75,771
Purchased Services	3,142
Materials and Supplies	10,146
Cost of Sales	171,806
Depreciation	6,086
Other Operating Expenses	241
Total Operating Expenses	417,047
Operating Loss	(142,592)
<b>Non-Operating Revenues (Expenses):</b>	
Federal Donated Commodities	33,476
Operating Grants	81,245
Loss on Disposal of Fixed Assets	(4,297)
Total Non-Operating Revenues (Expenses)	110,424
Net Loss	(32,168)
Retained Earnings at Beginning of Year	4,622
Retained Earnings (Deficit) at End of Year	(27,546)
Contributed Capital at Beginning and at End of Year	7,457
<b>Total Fund Equity (Deficit) at End of Year</b>	<b>(\$20,089)</b>

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

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Revenues, Expenses, and Changes in Fund Balances  
Budget and Actual Comparison (Non-GAAP Budgetary Basis)  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2000**

	<b>Enterprise Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Sales	\$279,500	\$274,366	(\$5,134)
Operating Grants	100,500	85,149	(15,351)
Other Revenues		89	89
<b>Total Revenues</b>	<b>380,000</b>	<b>359,604</b>	<b>(20,396)</b>
<b>Expenses:</b>			
Salaries	169,050	154,333	14,717
Fringe Benefits	82,600	67,945	14,655
Purchased Services	5,700	4,078	1,622
Materials and Supplies	169,650	153,862	15,788
Capital Outlay	3,600	2,559	1,041
Other Expenses	975	241	734
<b>Total Expenses</b>	<b>431,575</b>	<b>383,018</b>	<b>48,557</b>
Excess of Revenues Under Expenses	(51,575)	(23,414)	28,161
Advances In		25,000	25,000
Operating Transfers In	20,000		(20,000)
Excess of Revenues Over (Under) Expenses, Advances, and Transfers	(31,575)	1,586	33,161
Fund Balances at Beginning of Year	3,613	3,613	
<b>Fund Balances (Deficit) at End of Year</b>	<b>(\$27,962)</b>	<b>\$5,199</b>	<b>\$33,161</b>

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

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Cash Flows  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2000**

**Increase (Decrease) in Cash and Cash Equivalents:**

<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$274,366
Cash Received from Other Revenues	89
Cash Payments for Salaries	(154,333)
Cash Payments for Fringe Benefits	(67,945)
Cash Payments to Suppliers for Goods and Services	(150,840)
Cash Payments for Other Expenses	(241)
Net Cash Used for Operating Activities	(98,904)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Cash Received from Operating Grants	85,149
Cash Received from Advances In	25,000
Net Cash Provided by Non-Capital Financing Activities	110,149
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Cash Payments for Fixed Assets	(6,389)
Net Increase in Cash and Cash Equivalents	4,856
Cash and Cash Equivalents at Beginning of Year	3,613
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$8,469</b>

**Reconciliation of Operating Loss to Net  
Cash Used for Operating Activities:**

Operating Loss	(\$142,592)
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Donated Commodities Used During Year	33,476
Depreciation	6,086
<u>Changes in Assets and Liabilities:</u>	
Increase in Prepaid Items	(650)
Decrease in Inventory Held for Resale	692
Decrease in Accrued Wages and Benefits	(120)
Decrease in Compensated Absences Payable	(3,042)
Increase in Intergovernmental Payable	7,246
<b>Net Cash Used for Operating Activities</b>	<b>(\$98,904)</b>

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

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Swanton Local School District (the School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1887 and serves an area of approximately forty-two square miles. It is located in Fulton and Lucas Counties, and includes all of the Village of Swanton and portions of Fulton, Harding, Spencer, Swan Creek, and Swanton Townships. The School District is the 351st largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by eighty classified employees, ninety-four certified teaching personnel, and six administrative employees who provide services to 1,609 students and other community members. The School District currently operates four instructional buildings and an administration building.

**Reporting Entity:**

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

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

The following is included in the School District's reporting entity:

*Saint Richards Catholic School* - Within the School District's boundaries, Saint Richards Catholic School is operated through the Toledo Catholic Diocese. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity is reflected in a special revenue fund of the School District.

The School District is associated with three jointly governed organizations, an insurance pool, and a related organization. These organizations are the Northwest Ohio Computer Association, Northern Buckeye Education Council, Joint Recreation Board, Northern Buckeye Education Council Workers' Compensation Group Rating Plan, and the Swanton Public Library. Information about these organizations is presented in Notes 17, 18, and 19 to the general purpose financial statements.

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

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

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

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

The School District uses funds and account groups to report on 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 School 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 restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

***Governmental Fund Types:***

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

*General Fund* - The General Fund is the operating fund of the School 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Special Revenue Funds* - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditure for specified purposes.

*Debt Service Fund* - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation 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 or trust funds).

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

***Proprietary Fund Type:***

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

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

***Account Groups:***

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities 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 School District, except those accounted for in proprietary funds or trust funds.

*General Long-Term Obligations Account Group* - This account group is established to account for all long-term obligations of the School District, except those accounted for in proprietary funds or trust 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 the 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 sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The enterprise funds are accounted for using 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. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

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 measurements made.

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: grants, interest, tuition, student fees, and rent.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded 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 enterprise funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on 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 Process**

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 object level within each function and fund. Any budgetary modifications at this level 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.



**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

The Eisenhower, Title VI-B, and Public School Preschool special revenue funds are flow through grants in which the Northwest Ohio Educational Service Center is the primary recipient. Budgetary information for these funds is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

***Tax Budget:***

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The 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 Fulton County Budget Commission for rate determination.

***Estimated Resources:***

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2000.

***Appropriations:***

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School 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 any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, except agency funds, consistent with statutory provisions.

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

***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. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and the expendable trust fund, and reported in the notes to the financial statements for the enterprise funds.

***Lapsing of Appropriations:***

At the close of each fiscal 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 reappropriated.

**D. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Cash and cash equivalents held for the School District by the Northwest Ohio Educational Service Center are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 2000, the School District's investments were limited to repurchase agreements and non-negotiable certificates of deposit. Repurchase agreements and non-negotiable certificates of deposit are reported at cost.

The Board of Education has allocated interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2000 was \$108,474, which included \$19,328 assigned from other School District funds.

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

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which the services are consumed.

**F. Inventory**

Inventory in the governmental funds is stated at cost while inventory in the enterprise funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory in the enterprise funds consists of donated food, purchased food, and school supplies held for resale and is expended when used.

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials and to create a reserve for budget stabilization. Restricted assets also include unexpended revenues restricted for the purchase of school buses.

**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 enterprise funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School 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. Improvements are capitalized. Improvements to enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of seven to twenty years.

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables". Long-term interfund loans are classified as "Advances to/from Other Funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**J. Compensated Absences**

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

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

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

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 the enterprise funds, the entire amount of compensated absences is reported as a fund liability.

**K. 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, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Long-term loans and bonds are reported as liabilities in the general long-term obligations account group until due.

Long-term debt and other obligations financed by the enterprise funds are reported as liabilities in the appropriate fund.

**L. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to the enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

**M. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, inventories of materials and supplies, textbooks, budget stabilization, bus purchase, advances, and encumbrances.

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 monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

**N. Intergovernmental Revenues**

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

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

The School District currently participates in several State and Federal programs, categorized as follows:

*Entitlements*

*General Fund*

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Allocation

*Non-Reimbursable Grants*

*Special Revenue Funds*

- Phonics
- Venture Capital
- Auxiliary Services
- Local Professional Development
- Education Management Information Systems
- Disadvantaged Pupil Impact Aid
- SchoolNet Professional Development
- Ohio Reads
- State Conflict
- Eisenhower
- Title VI-B
- Title I
- Title VI
- Public School Preschool
- Drug Free
- Title VI-R
- Bases
- Continuous Improvement
- School to Work

*Capital Projects Funds*

- SchoolNet Plus
- Power Up

*Reimbursable Grants*

*General Fund*

- Driver Education

*Special Revenue Fund*

- E-Rate

*Enterprise Fund*

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements were 44 percent of the revenues of the School District's governmental fund types during the 2000 fiscal year.

**O. Interfund Transactions**

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.

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**P. Use of 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 2000, the Ohio Reads and the Eisenhower special revenue funds had deficit fund balances of \$6,804 and \$285, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Food Service enterprise fund had deficit retained earnings of \$27,624 at June 30, 2000, as a result of accumulated operating losses from prior years.

**B. Compliance**

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2000.

	Estimated Resources Plus Available Balances	Appropriations	Excess
General Fund	\$10,630,794	\$10,846,245	\$215,451
Special Revenue Funds			
Recreation	137,013	146,080	9,067
Building	42,438	111,339	68,901
Venture Capital	13,597	38,597	25,000
Athletics	75,916	109,879	33,963
Auxiliary Services	9,300	83,594	74,294
Local Professional Development	500	8,141	7,641
Education Management Information Systems		10,000	10,000
Ohio Reads		36,000	36,000

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

	Estimated Resources Plus Available Balances	Appropriations	Excess
State Conflict	667	4,020	3,353
Eisenhower	693	7,082	6,389
Title I	27,025	127,837	100,812
Title VI	1,182	10,080	8,898
Drug Free	2,957	10,037	7,080
Title VI-R		20,753	20,753
Miscellaneous Federal	10,664	16,113	5,449
Debt Service Fund			
Bond Retirement	113,679	128,331	14,652
Capital Projects Fund			
Permanent Improvement	395,600	422,862	27,262
Expendable Trust Fund			
Special Trust	14,777	16,885	2,108
Enterprise Funds			
Food Service	403,220	427,175	23,955
Uniform School Supplies	393	4,400	4,007

The following accounts had expenditures plus encumbrances in excess of appropriations for the fiscal year ended June 30, 2000.

	Appropriations	Expenditures Plus Encumbrances	Excess
General Fund			
Regular/Materials and Supplies	\$268,314	\$330,970	\$62,656
Instructional Staff/Capital Outlay - New		5,600	5,600
Administration/Capital Outlay - New	2,500	2,576	76
Pupil Transportation/Purchased Services	22,875	27,895	5,020
Pupil Transportation/Capital Outlay - New	25,767	57,458	31,691
Extracurricular Activities/Salaries	60,750	62,193	1,443
Special Revenue Funds			
Ohio Reads			
Special/Salaries	2,200	2,400	200
Administration/Purchased Services	16,450	32,975	16,525
Administration/Materials and Supplies	3,100	7,399	4,299
State Conflict			
Administration/Purchased Services	4,020	4,155	135
Eisenhower			
Regular/Purchased Services	7,082	7,887	805

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Miscellaneous Federal			
Instructional Staff/Materials and Supplies	1,358	1,395	37
Capital Projects Fund			
Permanent Improvement			
Board of Education/Capital Outlay - Replacement	48,000	64,024	16,024

During fiscal year 2000, the market value of the securities subject to the repurchase agreement did not exceed the principal value of the agreement by at least 2 percent.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/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 Budgetary Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - Enterprise Funds 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 that:

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 the expendable trust fund and as note disclosure in the enterprise funds (GAAP basis).
4. For the enterprise funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, the Eisenhower, Title VI-B, and Public School Preschool special revenue funds are included as part of the reporting entity when preparing financial statements that conform with GAAP.

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



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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

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

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
GAAP Basis	\$107,205	\$92,183	(\$4,158)	\$33,849	(\$297)
<u>Increase (Decrease) Due To:</u>					
Revenue Accruals:					
Accrued FY 1999, Received in Cash FY 2000	350,936	3,740	941	22,555	156
Accrued FY 2000, Not Yet Received in Cash	(654,041)	(5,810)	(1,541)	(40,276)	(147)
Expenditure Accruals:					
Accrued FY 1999, Paid in Cash FY 2000	(1,077,058)	(36,490)		(119,102)	
Accrued FY 2000, Not Yet Paid in Cash	1,251,977	38,308			
Unrecorded Cash FY 2000	(6,839)				
Prepaid Items	(10,968)	(229)			
Advances Out	(25,000)				
Excess of Revenues Under Expenditures for Nonbudgeted Funds		2,852			
Encumbrances Outstanding at Year End (Budget Basis)	(269,950)	(33,208)		(92,806)	(450)
Budget Basis	<u>(\$333,738)</u>	<u>\$61,346</u>	<u>(\$4,758)</u>	<u>(\$195,780)</u>	<u>(\$738)</u>

Net Loss/Excess of Revenues Over  
Expenses, Advances, and Transfers  
Enterprise Funds

GAAP Basis	(\$32,168)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 1999, Received in Cash FY 2000	15,607
Accrued FY 2000, Not Yet Received in Cash	(11,703)
Expense Accruals:	
Accrued FY 1999, Paid in Cash FY 2000	(71,131)
Accrued FY 2000, Not Yet Paid in Cash	75,215
Prepaid Items	(650)
Inventory Held for Resale	692
Acquisition of Fixed Assets	(6,389)
Depreciation Expense	6,086
Loss on Disposal of Fixed Assets	4,297
Advances In	25,000
Encumbrances Outstanding at Year End (Budget Basis)	<u>(3,270)</u>
Budget Basis	<u>\$1,586</u>

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and the Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
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(Continued)**

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

At fiscal year end, the School District had \$1,087 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents". The School District also had \$656 in cash and cash equivalents held by the Northwest Ohio Educational Service Center which is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent". The Educational Service Center holds this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No. 3.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the School District's deposits was \$61,817 and the bank balance was \$172,288. Of the bank balance, \$155,124 was covered by federal depository insurance and \$17,164 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. At June 30, 2000, repurchase agreements, category 3 investments, had a carrying amount and fair value of \$1,438,839.

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$1,503,399	
Cash on Hand	(1,087)	
Cash and Cash Equivalents with Educational Service Center	(656)	
Repurchase Agreements	(1,440,461)	\$1,439,839
GASB Statement No. 3	\$61,195	\$1,439,839

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. Real property taxes for 2000 were levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2000 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. Tangible personal property taxes for 2000 were levied after April 1, 1999, on the value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Fulton and Lucas Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which became measurable as of June 30, 2000. 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, 2000, was \$451,497 in the General Fund, \$4,311 in the Recreation special revenue fund, \$1,166 in the Bond Retirement debt service fund, and \$27,908 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 1999, was \$252,181

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

in the General Fund, \$3,106 in the Recreation special revenue fund, \$783 in the Bond Retirement debt service fund, and \$17,327 in the Permanent Improvement capital projects fund.

Accrued property tax receivable also includes amounts for any late tax settlements made by the Counties. For fiscal year 2000, this amount equaled \$168,308 in the General Fund, \$1,499 in the Recreation special revenue fund, \$375 in the Bond Retirement debt service fund, and \$12,368 in the Permanent Improvement capital projects fund. For fiscal year 1999, this amount equaled \$42,283 in the General Fund, \$634 in the Recreation special revenue fund, \$158 in the Bond Retirement debt service fund, and \$5,228 in the Permanent Improvement capital projects fund.

The assessed values upon which fiscal year 2000 taxes were collected are:

	<u>1999 Second-Half Collections</u>		<u>2000 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential	\$95,162,550	66.52%	\$109,994,910	67.93%
Industrial/Commercial	17,777,750	12.43	18,836,540	11.63
Public Utility	12,852,220	8.98	12,338,890	7.62
Tangible Personal	17,269,330	12.07	20,757,401	12.82
Total Assessed Value	<u>\$143,061,850</u>	<u>100.00%</u>	<u>\$161,927,741</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$62.05		\$62.05	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental, accrued interest, and interfund receivables. 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. Accounts receivable at June 30 were \$21,583.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund	
Tuition	\$12,653
Enterprise Fund	
Food Service	
National School Lunch Program	11,703
Total	<u>\$24,356</u>

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$221,619
Less Accumulated Depreciation	(166,640)
Net Fixed Assets	<u>\$54,979</u>

**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
Land and Improvements	\$684,073			\$684,073
Buildings and Improvements	3,397,704			3,397,704
Furniture, Fixtures, and Equipment	2,211,530	\$103,051	\$43,457	2,271,124
Vehicles	1,014,022	53,267		1,067,289
Text and Library Books	818,083	91,980		910,063
<b>Totals</b>	<b>\$8,125,412</b>	<b>\$248,298</b>	<b>\$43,457</b>	<b>\$8,330,253</b>

**NOTE 9 - INTERFUND ASSETS/LIABILITIES**

At June 30, 2000, the General Fund had an interfund receivable and the Ohio Reads special revenue fund had an interfund payable, in the amount of \$6,804.

At June 30, 2000, the General Fund had an advance to other funds and the Food Service enterprise fund had an advance from other funds, in the amount of \$25,000.

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted for the following coverages:

Coverages provided by Nationwide/Wausau Insurance Companies:

General Liability	
Per Occurrence	\$2,000,000
Total per Year	5,000,000
Fire Damage (per occurrence)	100,000
Medical Expense (per person)	5,000
Umbrella Liability	2,000,000

Coverages provided by Grange Insurance Company:

Vehicle Liability (combined single limits each accident)	\$1,000,000
Auto Medical Payments	5,000
Uninsured Motorist (combined single limits each accident)	1,000,000

Coverages provided by CNA Insurance Company:

Building and Contents-replacement cost (\$1,000 deductible)	\$22,972,596
Boiler and Machinery (\$5,000 deductible)	various
Inland Marine Coverage (\$100 deductible)	
Audio/Visual Equipment	94,361
Musical Equipment	139,032
Athletic Equipment	25,000
Electronic Data Processing Equipment	156,740
Crime Coverage (no deductible)	
Inside Premises	2,000
Outside Premises	2,000

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**Notes to the General-Purpose Financial Statements  
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(Continued)**

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2000, the School District participated in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays the group rate.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

The School 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 retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. 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 School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$303,386, \$290,776, and \$500,567, respectively; 85 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$46,641, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The 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 School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$72,737, \$100,175, and \$114,045, respectively; 29 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$51,708, is recorded as a liability within the respective funds and the general long-term obligations account group.

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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2000, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified 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.

The State Teachers Retirement 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 law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$404,515 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, 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.

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. 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 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$131,411 for fiscal year 2000.

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 annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits.



**SWANTON LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred twenty-five days for all personnel. Upon retirement, payment is made for one-fifth of accrued, but unused sick leave credit to a maximum of forty-five days for all personnel.

**B. Health Care Benefits**

The School District offers medical insurance to most employees through Anthem Blue Cross and Blue Shield, dental insurance through Coresource, and life insurance through Anthem Life Insurance Company of Indiana. The cost of the monthly premiums is paid entirely by the Board for full-time employees.

**C. Early Retirement Incentive**

The School District's Board of Education has approved an Early Retirement Incentive program for SERS employees. Participation is open to those employees who are at least fifty years old, qualify for retirement with the years purchased by the Board, and agree to retire within ninety days after notification that credit has been purchased. The credit cannot exceed the lesser of two years or one-fifth of each member's total service. Employees wishing to participate in the plan must indicate their desire by submitting an application to the Treasurer no later than January 15. The Board has the option of paying the liability in its entirety or in installments. Continuation of the program is reviewed with each negotiated agreement. The current enrollment period ends in June 2001.

The Board has not limited the number of employees participating in the plan in any one year. All payments are made through the payroll process to the credit of the retired employee. Early retirement incentive payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements for governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. During fiscal year 2000, early retirement incentive payments were \$18,750. Of this amount, \$6,600 had been identified as a liability in prior years.

**D. Special Termination Benefits**

For STRS employees, a cash incentive of \$15,000 is paid to all members who elect to retire under normal circumstances in the first year they are eligible. The employee has the option of participating with a Board approved annuity company for deferring all or a portion of the incentive payment for tax purposes. The employee may choose to defer the payment until January of the following calendar year. To qualify, the employee must have at least fifteen years of service with the School District and must meet all eligibility requirements for retirement under STRS. Continuation of the program is reviewed with each negotiated agreement. The current enrollment period ends in September 2001.

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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Interest Rate	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
1998 Fifth Third Loan	5.50%	\$223,909		\$55,977	\$167,932
1999 Energy Conservation Loan	4.60	293,634		23,634	270,000
1978 Swanton Library Bonds	6.375	46,000		16,000	30,000
Compensated Absences Payable		839,958		92,498	747,460
Intergovernmental Payable		69,682	\$60,841	69,682	60,841
Early Retirement Incentive Payable		6,600		6,600	
Total General Long-Term Obligations		<u>\$1,479,783</u>	<u>\$60,841</u>	<u>\$264,391</u>	<u>\$1,276,233</u>

*1998 Fifth Third Loan* - On June 1, 1998, the School District entered into a loan agreement with Fifth Third Bank to finance the construction of new bleachers for the football stadium. The loan, in the amount of \$279,886, is payable annually over a five year period, with the final payment on December 1, 2003. The loan is being repaid through the Bond Retirement debt service fund.

*1999 Energy Conservation Loan* - On January 1, 1999, the School District obtained a loan, in the amount of \$293,634, to provide energy conservation measures for the School District. The loan was obtained under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372 for a ten year period, with final maturity during fiscal year 2009. The loan is being repaid through the Bond Retirement debt service fund.

*1978 Swanton Library Bonds* - On November 1, 1978, the School District issued \$350,000 in voted general obligation bonds for renovations to the Swanton Public Library. The bonds were issued for a twenty-three year period with final maturity on December 1, 2001. The bonds are being retired through the Bond Retirement debt service fund.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The early retirement incentive was paid from the General Fund.

The School District's overall debt margin was \$14,405,565 with an unvoted debt margin of \$161,928 at June 30, 2000.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2000, were as follows:

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**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

Fiscal Year	Library Bonds		Fifth Third Loan		Energy Conservation Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$15,000	\$1,434	\$55,977	\$7,697	\$25,000	\$11,845	\$95,977	\$20,976
2002	15,000	478	55,977	4,618	25,000	10,695	95,977	15,791
2003			55,978	1,539	25,000	9,545	80,978	11,084
2004					30,000	8,280	30,000	8,280
2005					30,000	6,900	30,000	6,900
2006 -2009					135,000	12,765	135,000	12,765
	<u>\$30,000</u>	<u>\$1,912</u>	<u>\$167,932</u>	<u>\$13,854</u>	<u>\$270,000</u>	<u>\$60,030</u>	<u>\$467,932</u>	<u>\$75,796</u>

**NOTE 15 - SET ASIDE REQUIREMENTS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In addition, the School District is required to set aside money for budget stabilization.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2000.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 1999			\$41,707
Current Year Set Aside Requirement	\$223,701	\$223,701	
Current Year Offsets		(223,701)	
Qualifying Expenditures	(91,980)		
Balance Carried Forward to Fiscal Year 2001	<u>\$131,721</u>	<u></u>	<u>\$41,707</u>
Reserve Balance June 30, 2000	<u>\$131,721</u>	<u></u>	<u>\$41,707</u>

The total reserve balance at the end of fiscal year 2000 was \$173,428.

**NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Swanton Local School District as of and for the fiscal year ended June 30, 2000.

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$273,161	\$1,294	\$274,455
Depreciation Expense	6,086		6,086
Operating Loss	(142,277)	(315)	(142,592)
Federal Donated Commodities	33,476		33,476
Operating Grants	81,245		81,245
Net Loss	(31,853)	(315)	(32,168)
Fixed Asset Additions	6,389		6,389
Fixed Asset Reductions	(10,737)		(10,737)
Net Working Capital	(57,308)	78	(57,230)
Total Assets	85,550	78	85,628
Total Fund Equity (Deficit)	(20,167)	78	(20,089)
Encumbrances Outstanding at Year End (Budget Basis)	(1,270)	(2,000)	(3,270)

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The School District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of the superintendent from each participating school district. The Assembly elects a Council which consists of two representatives from each county. The degree of control exercised by any participating school district is limited to its representation on the Council. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio law as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. Financial information can be obtained from the Northern Buckeye Education Council, Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**C. Joint Recreation Board**

The School District and the Village of Swanton participate in a Joint Recreation Board created under Ohio Revised Code Section 755.14. Projects undertaken by the Joint Recreation Board are approved by the Board of Education and Village Council. The Joint Recreation Board consists of four representatives appointed by the Swanton Board of Education and five representatives appointed by the Village of Swanton. The degree of control exercised by the School District is limited to its representation on the Joint Recreation Board.

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

**NOTE 18 - INSURANCE POOL**

*Northern Buckeye Education Council Workers' Compensation Group Rating Plan* - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of two representatives each from Defiance, Fulton, Henry, and Williams Counties and the representative serving as fiscal agent for NBEC. The Executive Director coordinates the management and administration of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**NOTE 19 - RELATED ORGANIZATION**

*Swanton Public Library* - The Swanton Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Swanton Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Swanton Public Library, Rita A. Bayer, Clerk/Treasurer, 305 Chestnut Street, Swanton, Ohio 43558.

**NOTE 20 - SCHOOL FOUNDATION PROGRAM**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program" which provides significant monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$3,941,697 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled". The Supreme Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision; however, it found seven "...major areas warrant further attention, study, and development by the Ohio General Assembly...", including the State's reliance on local property tax funding; the State's basic aid formula; the school foundation program, as discussed above; the mechanism for, and adequacy of, funding for school facilities; and the existence of the State's School Solvency Assistance Fund, which the Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

The Supreme Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)**

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

**NOTE 21 - CONTINGENT LIABILITIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**B. Litigation**

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

**NOTE 22 - SUBSEQUENT EVENT**

In November 2000, the voters passed a \$18,000,000 bond levy for the purpose of constructing, furnishing and equipping a new high school and renovating, remodeling, adding to, improving, furnishing and equipping school facilities and their sites. On December 27, 2000, the Board issued a \$10,000,000 bond anticipation note at 4.80 percent. On January 18, 2001, the Board issued an \$8,000,000 bond anticipation note at 3.88 percent. Both bond anticipation notes have a maturity of September 19, 2001.



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Swanton Local School District  
Fulton County  
108 North Main Street  
Swanton, Ohio 43558

To the Board of Education:

We have audited the financial statements of Swanton Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated March 29, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 Swanton Local 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-10126-001. We also noted immaterial instances of noncompliance that we have reported to management of the Swanton Local School District in a separate letter dated March 29, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 District in a separate letter dated March 29, 2001.

Swanton Local School District  
Fulton 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 and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 29, 2001



**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-10126-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.39 provides that the total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. Appropriations have exceeded total estimated revenue for the following funds for the year ended June 30, 2000:

<b>General Fund</b>	\$215,451
<b>Special Revenue Funds</b>	
Recreation	9,067
Building	68,901
Venture Capital	25,000
Athletics	33,963
Auxiliary Services	74,294
Local Professional Development	7,641
Education Management Information Systems	10,000
Ohio Reads	36,000
State Conflict	3,353
Eisenhower	6,389
Title 1	100,812
Title VI	8,898
Drug Free	7,080
Title VI-R	20,753
Miscellaneous Federal	5,449
<b>Debt Service Fund</b>	
Bond Retirement	14,652
<b>Capital Projects Fund</b>	
Permanent Improvement	27,262
<b>Expendable Trust Fund</b>	
Special Trust	2,108
<b>Enterprise Funds</b>	
Food Service	23,955
Uniform School Supplies	4,007

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**SWANTON LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-10126-001	Revised Code § 5705.41(d) failure to encumber funds	Yes	





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**SWANTON LOCAL SCHOOL DISTRICT**

**FULTON 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  
APRIL 10, 2001**