

**SWITZERLAND TOWNSHIP  
MONROE COUNTY  
Regular Audit  
December 31, 2005**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Switzerland Township  
50830 German Ridge Road  
Powhatan Point, Ohio 43942

We have reviewed the *Independent Accountants' Report* of Switzerland Township, Monroe County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 24, 2007

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**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

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***Perry & Associates***  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT**

March 28, 2007

Switzerland Township  
Monroe County  
50830 German Ridge Road  
Powhatan Point, OH 43942

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Switzerland Township, Monroe County, (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township as of December 31, 2005 and the respective changes in the cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund Road and Bridge Fund, Federal Emergency Management Agency (FEMA) Fund, United States Department of Agriculture (USDA) Fund and Debt Service Fund thereof for the year ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the Township revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.



**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

This discussion and analysis of the Switzerland Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

Net assets of Governmental activities increased \$9,924, or 29 percent.

The Township's general receipts are primarily property taxes. These receipts represent 20 percent of the total cash received for Governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004.

In 2005, the Township purchased a 2005 Case 580 SM Plus Series Extendahoe for \$53,691. The purchase money was obtained from the issuance of a note in the amount of \$18,681 and receiving a grant from the United States Department of Agriculture in the amount of \$35,000.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the Government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Township has one type of activity:

Governmental activities. Most of the Township's basic services are reported here, including general government, fire and streets. State and federal grants and property taxes finance most of these activities. The people receiving them do not necessarily pay for benefits provided through governmental activities.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are totally consistent of governmental funds.

Governmental Funds - Most of the Township's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Township's Governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant Governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's only major Governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Federal Emergency Management Agency (FEMA) Fund, United States Department of Agriculture (USDA) Fund and Debt Service Fund. The programs reported in Governmental funds are closely related to those reported in the Governmental activities section of the entity-wide statements. We describe this relationship in reconciliation presented with the Governmental fund financial statements.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

**(Table 1)  
Net Assets**

	Governmental Activities	
	2005	2004
<b>Assets</b>		
Cash and Cash Equivalen	\$ 44,253	\$ 34,329
<b>Net Assets</b>		
Restricted for:		
Debt Service	\$ 6,145	\$ 4,286
Other Purposes	\$ 33,489	\$ 24,430
Unrestricted	\$ 4,619	\$ 5,613
Total Net Assets	\$ 44,253	\$ 34,329

As mentioned previously, net assets of Governmental activities increased \$9,924, or 29 percent during 2005.

Table 2 reflects the changes in net assets in 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

(Table 2)  
Changes in Net Assets

	Governmental Activities 2005	Business Type Activities 2004	Total 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales			\$0
Operating Grants and Contributions	92,322		92,322
Capital Grants and Contributions			0
Total Program Receipts	<u>92,322</u>	<u>0</u>	<u>92,322</u>
General Receipts:			
Property and Other Local Taxes	38,037		38,037
Income Taxes			0
Grants and Entitlements Not Restricted to Specific Programs	136,458		136,458
Other Debt Proceeds	18,691		18,691
Miscellaneous	404		404
Total General Receipts	<u>193,590</u>	<u>0</u>	<u>193,590</u>
Total Receipts	<u>285,912</u>	<u>0</u>	<u>285,912</u>
Disbursements:			
General Government	22,970		22,970
Security of Persons and Property:	1,880		1,880
Public Health Services	9,845		9,845
Public Works	110,053		110,053
Economic Development			0
Basic Utilities			0
Transportation			0
Capital Outlay			0
Principal Retirement	25,232		25,232
Interest and Fiscal Charges			0
Other	106,008		106,008
Total Disbursements	<u>275,988</u>	<u>0</u>	<u>275,988</u>
Excess (Deficiency) Before Transfers	9,924	0	9,924
Transfers			0
Increase in Net Assets	<u>9,924</u>	<u>0</u>	<u>9,924</u>
Net Assets, January 1, 2004	<u>34,329</u>		<u>34,329</u>
Net Assets, December 31, 2004	<u>\$44,253</u>	<u>\$0</u>	<u>\$44,253</u>

Program receipts represent 76 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, grants from the Federal Emergency Management Agency, and the United States Department of Agriculture.

General receipts represent 24 percent of the Township's total receipts, and of this amount, 50 percent are local taxes. State and grants and entitlements make up the balance of the Township's general receipts (22 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for Switzerland Township represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the cost of trustees, and the fiscal officer.

Security of Persons and Property are the costs of fire protection; Public Health Services is the health department; and Public Works are the costs of maintaining the Township roads.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursement for Governmental activities is for Public Works, which account for \$181,061 or 66 percent of all Governmental disbursements. General Government Expenditures also represents a significant cost, at about 8 percent. The next two columns of the Statement entitled Program Receipts identify grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Total Cost Of Services 2005	Net Cost of Services 2005
General Government	\$22,970	(\$21,456)
Security of Persons and Property	111,933	(22,800)
Public Health Services	9,845	(9,845)
Leisure Time Activities		
Economic Development		
Basic Utilities		
Transportation		
Other	106,008	(104,333)
Principal Retirement	25,161	(25,161)
Interest and Fiscal Charges	72	(72)
<b>Total Expenses</b>	<b>\$275,989</b>	<b>(\$183,667)</b>

The dependence upon Operating Grants and Contributions is apparent as over 66 percent of Governmental activities are supported through these program revenues.

**The Township's Funds**

Total Governmental funds had receipts of \$285,912 and disbursements of \$275,988.

General Fund receipts were less than disbursements by \$995 indicating that the General Fund is in a slight deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers.

**General Fund Budgeting Highlights**

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

The difference between General Fund final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$39,310 while actual disbursements were \$34,695. The Township kept spending under budgeted amounts.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

**Capital Assets and Debt Administration**

**Capital Assets**

The Township has chosen not to report capital assets.

**Debt**

At December 31, 2005, the Township's outstanding debt was \$12,222. For further information regarding the Township's debt, refer to the basic financial statements.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. During 2005, total receipts were \$9,924 more than disbursements; thereby reflecting good management and accounting practices.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joyce A. Dunn, Fiscal Officer, Switzerland Township, 50830 German Ridge Road, Powhatan Point, Ohio 43942.

**SWITZERLAND TOWNSHIP**  
**MONROE COUNTY**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2005*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 44,253
<i>Total Assets</i>	44,253
<b>Net Assets</b>	
Restricted for:	
Debt Service	6,145
Other Purposes	33,489
Unrestricted	4,619
<i>Total Net Assets</i>	\$ 44,253

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

**SWITZERLAND TOWNSHIP**  
**MONROE COUNTY**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2005*

	Cash Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
				Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 22,970			\$ (22,970)
Public Safety	1,880	-	-	(1,880)
Public Works	181,061	181,203	-	142
Health	9,845	-	-	(9,845)
Capital Outlay	53,691	-	35,000	(18,691)
Debt Service:				-
Principal	6,469	-	-	(6,469)
Interest	72	-	-	(72)
<i>Total Governmental Activities</i>	<u>\$ 275,988</u>	<u>\$ 181,203</u>	<u>\$ 35,000</u>	<u>\$ (59,785)</u>
<b>General Receipts</b>				
Property Taxes				35,198
Grants and Entitlements not Restricted to Specific Programs				15,118
Interest				298
Note Proceeds				18,691
Miscellaneous				404
<i>Total General Receipts</i>				<u>69,709</u>
Change in Net Assets				<u>9,924</u>
<i>Net Assets Beginning of Year</i>				<u>34,329</u>
<i>Net Assets End of Year</i>				<u>\$ 44,253</u>

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



**SWITZERLAND TOWNSHIP**  
**MONROE COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2005*

	General	Gaasoline Tax	Road and Bridge Fund	FEMA Fund	Other Governmental Funds	Debt Service Fund	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 4,619	\$ 5,045	\$ 6,486	\$ 18,727	\$ 3,231	\$ 6,145	\$ 44,253
<i>Total Assets</i>	<u>4,619</u>	<u>5,045</u>	<u>6,486</u>	<u>18,727</u>	<u>3,231</u>	<u>6,145</u>	<u>44,253</u>
<b>Fund Balances</b>							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	4,619	-	-	-	-	-	4,619
Special Revenue Funds	-	5,045	6,486	18,727	3,231	-	33,489
Debt Service Fund	-	-	-	-	-	6,145	6,145
<i>Total Fund Balances</i>	<u>4,619</u>	<u>5,045</u>	<u>6,486</u>	<u>18,727</u>	<u>3,231</u>	<u>6,145</u>	<u>44,253</u>

The notes to the financial statements are an intrgral part of this statement.

**SWITZERLAND TOWNSHIP, MONROE COUNTY**  
**MONROE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	General	Gasoline Tax	Road and Bridge	FEMA Fund	USDA Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>								
Property and Other Local Taxes	\$ 18,448		\$ 16,750	\$ -	\$ -	\$ -	\$ -	\$ 35,198
Intergovernmental	15,118	68,288	2,334	89,735	35,000	8,400	12,446	231,321
Interest	111	101	-	-	-	-	86	298
Other	23	381	-	-	-	-	-	404
<i>Total Receipts</i>	<u>33,700</u>	<u>68,770</u>	<u>19,084</u>	<u>89,735</u>	<u>35,000</u>	<u>8,400</u>	<u>12,532</u>	<u>267,221</u>
<b>Disbursements</b>								
Current:								
General Government	22,970	-	-	-	-	-	-	22,970
Public Safety	1,880	-	-	-	-	-	-	1,880
Public Works	-	75,335	19,996	71,008	-	-	14,722	181,061
Health	9,845	-	-	-	-	-	-	9,845
Capital Outlay	-	-	-	-	35,000	18,691	-	53,691
Debt Service:								
Principal Retirement	-	-	-	-	-	6,469	-	6,469
Interest and Fiscal Charges	-	-	-	-	-	72	-	72
<i>Total Disbursements</i>	<u>34,695</u>	<u>75,335</u>	<u>19,996</u>	<u>71,008</u>	<u>35,000</u>	<u>25,232</u>	<u>14,722</u>	<u>275,988</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(995)	(6,565)	(912)	18,727	-	(16,832)	(2,190)	(8,767)
<b>Other Financing Sources (Uses)</b>								
Notes Issued	-	-	-	-	-	18,691	-	18,691
<i>Total Other Financing Sources (Uses)</i>	-	-	-	-	-	18,691	-	18,691
<i>Net Change in Fund Balances</i>	(995)	(6,565)	(912)	18,727	-	1,859	(2,190)	9,924
<i>Fund Balances Beginning of Year</i>	5,614	11,610	7,398	-	-	4,286	5,421	34,329
<i>Fund Balances End of Year</i>	<u>\$ 4,619</u>	<u>\$ 5,045</u>	<u>\$ 6,486</u>	<u>\$ 18,727</u>	<u>\$ -</u>	<u>\$ 6,145</u>	<u>\$ 3,231</u>	<u>\$ 44,253</u>

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

**SWITZERLAND TOWNSHIP**  
**MONROE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -(Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 19,264	\$ 19,264	\$ 18,448	\$ (816)
Intergovernmental	13,515	14,342	15,118	776
Interest	40	40	111	71
Other	50	50	23	(27)
<i>Total receipts</i>	<u>32,869</u>	<u>33,696</u>	<u>33,700</u>	<u>4</u>
<b>Disbursements</b>				
Current:				
General Government	26,557	27,384	22,970	4,414
Public Safety	1,880	1,880	1,880	-
Health	9,846	9,846	9,845	1
Capital Outlay	200	200	-	200
<i>Total Disbursements</i>	<u>38,483</u>	<u>39,310</u>	<u>34,695</u>	<u>4,615</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,614)</u>	<u>(5,614)</u>	<u>(995)</u>	<u>4,619</u>
<i>Fund Balance Beginning of Year</i>	<u>5,614</u>	<u>5,614</u>	<u>5,614</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,619</u>	<u>\$ 4,619</u>

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

**SWITZERLAND TOWNSHIP**  
**MONROE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -(Budget Basis)*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 74,020	\$ 68,329	\$ 68,288	\$ (41)
Misc.	380	380	381	1
Interest	55	55	101	46
<i>Total receipts</i>	<u>74,455</u>	<u>68,764</u>	<u>68,770</u>	<u>6</u>
<b>Disbursements</b>				
Current:				
Public Works	86,065	80,374	75,335	5,039
<i>Total Disbursements</i>	<u>86,065</u>	<u>80,374</u>	<u>75,335</u>	<u>5,039</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,610)</u>	<u>(11,610)</u>	<u>(6,565)</u>	<u>5,045</u>
<i>Net Change in Fund Balance</i>	(11,610)	(11,610)	(6,565)	5,045
<i>Fund Balance Beginning of Year</i>	<u>11,610</u>	<u>11,610</u>	<u>11,610</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,045</u>	<u>\$ 5,045</u>

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

**SWITZERLAND TOWNSHIP**  
**MONROE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - (Budget Basis)*  
*Road And Bridge Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Local Taxes	\$ 17,513	\$ 18,184	\$ 16,750	\$ (1,434)
Intergovernmental	900	900	2,334	1,434
<i>Total receipts</i>	<u>18,413</u>	<u>19,084</u>	<u>19,084</u>	<u>-</u>
<b>Disbursements</b>				
Current:				
Public Works	25,811	26,482	19,996	6,486
<i>Total Disbursements</i>	<u>25,811</u>	<u>26,482</u>	<u>19,996</u>	<u>6,486</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,398)</u>	<u>(7,398)</u>	<u>(912)</u>	<u>6,486</u>
<i>Fund Balance Beginning of Year</i>	<u>7,398</u>	<u>7,398</u>	<u>7,398</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,486</u></u>	<u><u>\$ 6,486</u></u>

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

**SWITZERLAND TOWNSHIP**  
**MONROE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - (Budget Basis)*  
*FEMA Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$ 103,778	\$ 89,736	\$ 89,735	\$ (1)
<i>Total receipts</i>	<u>101,537</u>	<u>89,736</u>	<u>89,735</u>	<u>(1)</u>
<b>Disbursements</b>				
Current:				
Public Works	101,537	89,736	71,008	18,728
<i>Total Disbursements</i>	<u>101,537</u>	<u>89,736</u>	<u>71,008</u>	<u>18,728</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>-</u>	<u>18,727</u>	<u>18,727</u>
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,727</u>	<u>\$ 18,727</u>

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

**SWITZERLAND TOWNSHIP**  
**MONROE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - (Budget Basis)*  
*USDA Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 18,000	\$ 35,000	\$ 35,000	\$ -
<i>Total receipts</i>	<u>\$ 18,000</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>-</u>
<b>Disbursements</b>				
Current:				
Capital Outlay	\$ 18,000	\$ 35,000	\$ 35,000	-
<i>Total Disbursements</i>	<u>\$ 18,000</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>-</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**SWITZERLAND TOWNSHIP**  
**MONROE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -(Budget Basis)*  
*Debt Service Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 60,400	\$ 8,400	\$ 8,400	\$ -
<i>Total receipts</i>	<u>60,400</u>	<u>8,400</u>	<u>8,400</u>	<u>-</u>
<b>Disbursements</b>				
Current:				
Capital Outlay	-	18,691	18,691	-
Debt Service:				
Principal Retirement	63,400	12,214	6,469	5,745
Interest and Fiscal Charges	1,286	72	72	-
<i>Total Disbursements</i>	<u>64,686</u>	<u>30,977</u>	<u>25,232</u>	<u>5,745</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,286)</u>	<u>(22,577)</u>	<u>(16,832)</u>	<u>5,745</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	-	18,691	18,691	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>18,691</u>	<u>18,691</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(4,286)	(3,886)	1,859	5,745
<i>Fund Balance Beginning of Year</i>	<u>4,286</u>	<u>4,286</u>	<u>4,286</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 6,145</u>	<u>\$ 5,745</u>

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



**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**Note 1 – Reporting Entity**

The Township of Switzerland, Monroe County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Villages of Powhatan Point, Clarrington, and Beallsville, for fire protection and emergency services.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**C. Joint Ventures**

The Township does not participate in any joint ventures, jointly governed organizations. The Township participates in a public entity risk pool. Note 9 to the financial statements provide additional information for this entity.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances of governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

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

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are governmental.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are as follows:

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**Governmental Funds (Continued)**

*General Fund* - This Fund 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 Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Road and Bridge Fund* – This fund receives property tax money for construction, maintaining, and repairing Township roads and bridges.

*Gasoline Tax Fund* - This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads and bridges.

*Federal Emergency Management Agency (FEMA) Fund* – This fund receives reimbursement from FEMA for reimbursement of FEMA project related expenditures.

*United States Department of Agriculture (USDA) Fund* – This fund received a grant from the USDA for the purchase of a piece of equipment used in the construction, maintaining, and repairing Township roads and bridges.

*Debt Service Fund* – This fund receives gasoline tax money for the payment of the Township's debt.

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

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The Township's legal level of control has been established at the fund, function, and object level for all funds.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**D. Budgetary Process (Continued)**

The certificate of estimated resources may be amended during the year if projected increases or the Township Clerk identifies decreases in receipts. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The Township passed the amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “ Equity in Pooled Cash and Cash Equivalents.”

The Township has no investments at this time.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 were \$111.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not report restricted net assets.

**G. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The Township does not have outstanding interfund loans at December 31, 2005.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of a fund balance, which is available for appropriation in future periods. The Township did not have fund balance reserves at December 31, 2005.

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Township did not have extraordinary or special items for 2005.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 3 – Change in Basis of Accounting and Restatement of Fund Equity**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has revised its financial statement presentation in accordance with Governmental Accounting Standard Board Statement 34. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

In March of 2003 GASB issued Statement No. 40, Deposit and Investment Risk Disclosures (an amendment of GASB Statement No.3). This statement amends Statement No. 3 and addresses additional cash and investment risks to which government are exposed. Generally, this statement requires that state and local government communicate key information about such risks in four principle areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that included investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the year ending December 31, 2005. The implementation of this GASB had no impact on the financial position of the Township at December 31, 2005.

**Note 4 – Accountability and Compliance**

**A. Accountability**

The Township has no deficit fund balances.

**B. Compliance**

The Township had no significant budgetary violations or any violations of finance-related legal or contractual provisions or violations of debt covenants or contracts.

**Note 5 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Gasoline Tax, Road and Bridge, FEMA, USDA and Debt Service funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The township had no encumbrances outstanding at year end.

**Note 6 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

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

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

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

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

Interim monies held by the Township can 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 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 or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAR Ohio).

At year-end, the Township had no un-deposited cash on hand.

**Deposits**

***Custodial Credit Risk*** Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$44,253 of the Township's bank balance was covered by the Federal Deposit Insurance Company (FDIC).

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments**

The Township had no investments at December 31, 2005.

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was 2.1% per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential & Agriculture	\$ 6,712,260
Agriculture	
Commercial/Industrial/Mineral	65,580
Public Utility Property	10,802,260
Total Assessed Value	<hr/> \$ 17,591,180



**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 8 – Risk Management**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Coverage**

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stoploss coverage based upon the combined members' total insurable value.

If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 8 – Risk Management (Continued)**

**Risk Pool Membership (Continued)**

**Financial Position**

OTARMA’s financial statements (audited by other accountants) (latest information available) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA’s related liabilities are due for payment. The Township’s share of these unpaid claims is approximately \$48,206.

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

**Note 9 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPER administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 9 – Defined Benefit Pension Plan (Continued)**

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$8,567, \$7,305 and \$5,253, respectively. The employees' required contributions for pension obligations were \$5,374, \$4,583, and \$4,502, respectively. The full amount has been contributed for 2005, 2004, and 2003.

**Note 10 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll ; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1 and 6 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 10 - Postemployment Benefits (Continued)**

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Note 11 - Debt**

The Township's long-term debt activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Governmental Activities</u>					
Backhoe Notes	4.655%	\$18,691	\$6,469	\$12,222	\$5,977

The backhoe was purchased in 2005 using the proceeds of a 3 year loan with the initial payment due in 2005. The truck will be used for Township road maintenance and other services provided to residents. The loan is collateralized solely by the backhoe.

The following is a summary of the Township's future annual debt service requirements:

Year	Notes	
	Principal	Interest
2006	\$5,977	\$563
2007	6,245	296
Totals	\$12,222	\$859

***Perry & Associates***  
**Certified Public Accountants, A.C.**

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

March 28, 2007

Switzerland Township  
Monroe County  
50830 German Ridge Rd.  
Powhatan Point, OH 43942

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Switzerland Township, Monroe County, (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 28, 2007, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2005-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* as item 2005-002.

We intend this report solely for the information and use of management, and township trustees. It is not intended for anyone other than these specified parties.

Respectfully Submitted

Perry and Associates  
Certified Public Accountants, A.C.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2005-001**

**Significant Deficiency**

**Posting Estimated Revenues and Appropriations**

The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Board of Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budget versus actual financial statements reported for each of the Townships major funds in order to accurately present estimated receipts and appropriations as approved by the Board of Trustees and Certified by the County Budget Commission.

We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2005-002**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

"Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

**SWITZERLAND TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2005-002 (Continued)**

**Ohio Revised Code Section 5705.41(D) – (Continued)**

Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 12 items tested or 48% of the total of 29 disbursements tested during 2005 and there was no evidence that the Township followed the aforementioned exceptions. Without these certifications, the management of the Township lost budgetary control over expenditures.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, “then and now” certification should be used.

**Management’s Response** – We did not receive a response from officials to this finding.





**Mary Taylor, CPA**  
Auditor of State

**SWITZERLAND TOWNSHIP**

**MONROE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 7, 2007**