

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
SOUTHEAST REGION, MONROE COUNTY
FINANCIAL FORECAST
JULY 1, 1999 THROUGH JUNE 30, 2000**

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

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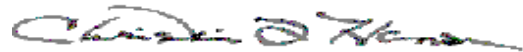
CERTIFICATION

Certification is hereby made that, based upon the requirement set forth in Section 3316.08, Revised Code, the Local Government Services Division of the Auditor of State's Office has examined the financial forecast of the General Fund of the Switzerland of Ohio Local School District, Monroe County, Ohio, as requested by the Board of Education by resolution passed on August 16, 1999. This forecast is based on the assumption that the School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. Additional significant assumptions are set forth in the forecast. The forecast reflects an operating deficit for the year ending June 30, 2000, of \$1,362,000, which includes \$108,000 in cash reserves for restricted purchases of the budget reserve.

Section 5705.29, Revised Code, allows the School District to appropriate monies from the amount set aside for budget reserve after receiving approval from the Superintendent of Public Instruction. No such request has been made as of the date of this forecast.

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2001 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget and the State Superintendent of Public Instruction has authorized such notes. The School District did not include a spending reserve in their current year tax budget.

The forecasted revenues include all property taxes scheduled for settlement during the forecast period less any amount advanced to the District prior to July 2000. The forecast excludes the receipt of any advances against fiscal year 2001 scheduled property tax settlements. The potential advances have been excluded due to the District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The projected operating deficit could be reduced to the extent tax advances are received prior to June 30, 2000 and to the extent the Board appropriates such advances. Currently, it is the Board's intent not to appropriate any such advances for fiscal year 2000.



Christine L. Hansen, CPA
Chief of Local Government Services

January 26, 2000



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We have examined the accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund of the Switzerland of Ohio Local School District for the fiscal year ending June 30, 2000. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by the Board and the Commission and the preparation and presentation of the forecast.

The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance for the fiscal year ending June 30, 2000 of the general fund present, to the best of management's knowledge and belief, the expected revenues, expenditures, and changes in fund balance of the general fund for the forecast period. The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund and this report were prepared for the State Department of Education for the purpose of determining whether an operating deficit exists as required under Section 3316.08, Revised Code, and to enable the School District to obtain authorization to receive an advance to finance current year operations through the State Solvency Assistance Fund, pursuant to Section 3316.20, Revised Code, and should not be used for any other purpose.

In our opinion, the forecasted schedule referred to above is presented in conformity with the guidelines for presentation of forecasted information established by the American Institute of Certified Public Accountants (AICPA), and the underlying assumptions provide a reasonable basis for the Board of Education and Financial Planning and Supervision Commission's forecast. Our examination of the financial forecast presented in this document was made for the purpose of forming an opinion on whether the financial forecast is presented in conformity with AICPA guidelines for the presentation of a forecast and whether the underlying assumptions provide a reasonable basis for the forecast. The supplemental data as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial forecast. Such information has not been subjected to procedures applied in the

examination of the financial forecast and, accordingly, we express no opinion or any other form of assurance on it. Furthermore, differences between the forecasted and actual results will usually happen because events and circumstances frequently do not occur as expected, and

those differences may be material. We have no responsibility to update this report for events and circumstances occurring after its date.

The financial statements for the year ended June 30, 1998, were audited by the Auditor of State's Office and an unqualified opinion was expressed on them in the report dated September 23, 1999. The June 30, 1999 audit is currently in progress by the State Auditor's Office.

We have compiled the accompanying Schedules of Revenues, Expenditures, and Changes in Fund Balances of the Switzerland of Ohio Local School District for the years ended June 30, 1997, 1998, 1999 and 2000 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed these financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

JIM PETRO
Auditor of State

January 26, 2000

SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED
GENERAL FUND

	Fiscal Year 2000 Forecasted
Revenues	
General Property Tax (Real Estate)	\$3,463,000
Tangible Personal Property Tax	4,626,000
Unrestricted Grants-in-Aid	6,962,000
Restricted Grants-in-Aid	893,000
Property Tax Allocation	470,000
All Other Revenues	542,000
<i>Total Revenues</i>	16,956,000
Other Financing Sources	
Advances In	144,000
Operating Transfers In	7,000
All Other Financing Sources	16,000
<i>Total Other Financing Sources</i>	167,000
<i>Total Revenues and Other Financing Sources</i>	17,123,000
Expenditures	
Personal Services	10,179,000
Employees' Retirement/Insurance Benefits	3,232,000
Purchased Services	1,129,000
Supplies and Materials	602,000
Capital Outlay	204,000
Debt Service:	
Principal-Notes	140,000
Principal-Solvency Assistance Fund Advances	1,410,000
Principal-State Loans	1,130,000
Principal-HB 264 Loans	135,000
Interest and Fiscal Charges	114,000
Other Objects	1,119,000
<i>Total Expenditures</i>	19,394,000
Other Financing Uses	
Operating Transfers Out	85,000
Advance Out	213,000
<i>Total Other Financing Uses</i>	298,000
<i>Total Expenditures and Other Financing Uses</i>	19,692,000
<i>Excess of Revenues and Other Financing Sources under Expenditures and Other Financing Uses</i>	(2,569,000)
<i>Cash Balance July 1, 1999</i>	1,664,000
<i>Cash Balance (Deficit) June 30, 2000</i>	(905,000)
<i>Estimated Encumbrances June 30, 2000</i>	349,000
Reservation of Fund Balance Budget Reserve	108,000
<i>Unreserved Fund Balance (Deficit) June 30, 2000</i>	(\$1,362,000)

See accompanying summary of significant forecast assumptions, accounting policies, and accountant's report

Note: Schedule includes general fund, DPIA fund, textbook fund and any portion of debt service fund related to general fund debt

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY**
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 1997, 1998 AND 1999 ACTUAL;
FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED
GENERAL FUND

	Fiscal Year 1997 Actual	Fiscal Year 1998 Actual	Fiscal Year 1999 Actual	Fiscal Year 2000 Forecasted
Revenues				
General Property Tax (Real Estate)	\$3,142,000	\$3,688,000	\$3,269,000	\$3,463,000
Tangible Personal Property Tax	5,087,000	3,931,000	4,527,000	4,626,000
Unrestricted Grants-in-Aid	5,958,000	6,032,000	7,655,000	6,962,000
Restricted Grants-in-Aid	547,000	586,000	987,000	893,000
Property Tax Allocation	486,000	491,000	498,000	470,000
All Other Revenues	526,000	515,000	548,000	542,000
Total Revenues	<u>15,746,000</u>	<u>15,243,000</u>	<u>17,484,000</u>	<u>16,956,000</u>
Other Financing Sources				
Proceeds from Sale of Notes	2,404,000	2,292,000	0	0
State Emergency Loans and Advancements	618,000	1,128,000	2,819,000	0
Advances In	0	0	0	144,000
Operating Transfers In	10,000	16,000	65,000	7,000
All Other Financing Sources	5,000	4,000	4,000	16,000
Total Other Financing Sources	<u>3,037,000</u>	<u>3,440,000</u>	<u>2,888,000</u>	<u>167,000</u>
Total Revenues and Other Financing Sources	<u>18,783,000</u>	<u>18,683,000</u>	<u>20,372,000</u>	<u>17,123,000</u>
Expenditures				
Personal Services	10,188,000	9,742,000	9,792,000	10,179,000
Employees' Retirement/Insurance Benefits	3,018,000	2,930,000	3,085,000	3,232,000
Purchased Services	1,187,000	1,208,000	1,134,000	1,129,000
Supplies and Materials	598,000	484,000	525,000	602,000
Capital Outlay	122,000	152,000	119,000	204,000
Debt Service:				
Principal-Notes	2,448,000	2,429,000	1,317,000	140,000
Principal-Solvency Assistance Fund Advances	0	0	0	1,410,000
Principal-State Loans	458,000	790,000	1,510,000	1,130,000
Principal-HB 264 Loans	135,000	135,000	135,000	135,000
Interest and Fiscal Charges	296,000	262,000	268,000	114,000
Other Objects	425,000	427,000	903,000	1,119,000
Total Expenditures	<u>18,875,000</u>	<u>18,559,000</u>	<u>18,788,000</u>	<u>19,394,000</u>
Other Financing Uses				
Operating Transfers Out	57,000	132,000	51,000	85,000
Advances Out	0	1,000	144,000	213,000
Total Other Financing Uses	<u>57,000</u>	<u>133,000</u>	<u>195,000</u>	<u>298,000</u>
Total Expenditures and Other Financing Uses	<u>18,932,000</u>	<u>18,692,000</u>	<u>18,983,000</u>	<u>19,692,000</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(149,000)	(9,000)	1,389,000	(2,569,000)
Cash Balance July 1	<u>433,000</u>	<u>284,000</u>	<u>275,000</u>	<u>1,664,000</u>
Cash Balance (Deficit) June 30	<u>284,000</u>	<u>275,000</u>	<u>1,664,000</u>	<u>(905,000)</u>
Estimated Encumbrances June 30	<u>120,000</u>	<u>188,000</u>	<u>303,000</u>	<u>349,000</u>
Reservation of Fund Balance				
Budget Reserve	0	108,000	108,000	108,000
Bus Purchase	55,000	67,000	0	0
Subtotal	<u>55,000</u>	<u>175,000</u>	<u>108,000</u>	<u>108,000</u>
Unreserved Fund Balance (Deficit) June 30	<u>\$109,000</u>	<u>(\$88,000)</u>	<u>\$1,253,000</u>	<u>(\$1,362,000)</u>

See accompanying summary of significant forecast assumptions, accounting policies, and accountant's report

Note: Schedule includes general fund, DPIA fund, textbook fund and any portion of debt service fund related to general fund debt

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Nature of Presentation

This financial forecast presents, to the best of the Switzerland of Ohio Local School District Board of Education and the Financial Planning and Supervision Commission's knowledge and belief, the expected revenues, expenditures, and changes in fund balances of the general fund for the forecast period. Accordingly, the forecast reflects the Board of Education's and Financial Planning and Supervision Commission's judgement of the expected conditions and its expected course of action as of January 26, 2000, the date of this forecast. The forecast is designed to present the revenues, expenditures and changes in fund balances for the purpose of determining whether an operating deficit exists as required under Section 3316.08, Revised Code, and to enable the School District to obtain authorization to receive an advance to finance current year operations through the State Solvency Assistance Fund, pursuant to Section 3316.20, Revised Code, and should not be used for any other purpose. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

1. General Assumptions

The Switzerland of Ohio Local School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations.

The forecast includes the revenue and expenditure activity of the general fund, disadvantaged pupil impact aid fund, any portion of the debt service fund related to general fund debt, and the textbook subsidy fund. Transfers in and transfers out that were made between these funds were eliminated.

The forecast contains those expenditures the Board has determined to be necessary to provide for an adequate educational program.

2. Revenue Assumptions

The forecasted fiscal year 2000 revenues are based on the following:

Property Taxes

Property taxes consist of real estate, public utility real and personal property, tangible personal property, and trailer taxes. Advances may be requested from the Monroe, Belmont, and Noble County Auditors as the tax is collected. When settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

General Property Tax (Real Estate)

The general property tax revenue amounts are based upon the confirmation received from the Monroe County Auditor as of January 4, 2000. Included in this revenue source are real estate and trailer tax revenues. Amounts forecasted for the rollback and homestead exemption are included under the property tax allocation account.

Based upon these estimates, the School District anticipates receiving \$3,463,000 in real estate and trailer tax revenue. The increase is based on the actual August settlements and a historical analysis of the second half anticipated settlements by the Monroe County Auditor.

Tangible Personal Property Tax

This revenue source consists of tangible personal property tax revenue and the public utility personal property tax revenue. The first \$10,000 of tangible personal property is exempt from taxation. The State reimburses the School District for all revenue lost due to this exemption. The amount of this exemption is included in the forecasted all other revenue.

As with real estate taxes, tangible personal property tax revenues for this forecast are based upon the confirmation received from the Monroe County Auditor as of January 4, 2000. Based upon these estimates, the School District expects to receive \$4,626,000 in tangible personal property tax revenue.

Unrestricted Grants-in-Aid

State foundation payments established by Chapter 3317 of the Revised Code are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM) and classroom teacher ratios plus other factors. The funds are distributed on a semi-monthly basis. Deductions from the monthly payments for contributions to the two school retirement systems, the repayment of fiscal year 1995 and 1998 school loans, and the repayment of the fiscal year 1999 solvency assistance fund advance are included in the expenditure section. Forecasted amounts are based on current information provided by the State Department of Education.

This revenue source includes formula aid, special education aid, training and experience of classroom teachers funding, extended service, gifted aid, transportation, vocational education and the equalization revenues received from the State Department of Education, Division of School Finance. The amount of revenue reported on the most recent school foundation statement of settlement is \$6,958,000.

Also included in the forecasted revenue is a payment of \$4,000 which represents an adjustment to the basic aid revenue. The District is receiving this loan interest subsidy to aid in the repayment of school loans. For the forecast period, a \$693,000 decrease is reflected, however due to the District posting an additional \$54,000 of basic aid to the restricted aid in the Disadvantaged Pupil Impact Aid Fund (DPIA) during fiscal year 1999 the true decrease is \$747,000.

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

The major contributors to this decrease are:

- A decrease of \$624,000 in funding resulting from House Bill 215 which created Ohio Revised Code Section 3317.026 that provides relief to school districts which must refund property taxes as a result of prior year changes in property values. Switzerland of Ohio Local School District was required to refund public utility personal property taxes due to the Texas Eastern pipeline case, and therefore, benefitted from this provision in the prior fiscal year. No payments are expected during the forecast period.
- The loan interest subsidy funding is anticipated to decrease \$89,000 from fiscal year 1999.
- The vocational education equipment supplement is forecasted to decrease \$29,000.
- Basic aid is forecasted to decrease \$5,000 based on current information provided by the State Department of Education.

Restricted Grants-in-Aid

Restricted grants-in-aid consists of a bus purchase allowance of \$132,000 and DPIA revenues of \$761,000. The amount of restricted DPIA revenue as certified by the State Department of Education, Division of School Finance, reflects both the unrestricted and restricted amount as the District accounts for the full DPIA funding in the DPIA fund. For the forecast period a \$40,000 decrease is anticipated based on the adjustment of \$54,000 as noted in the restricted revenue assumption and the elimination of \$42,000 in textbook subsidy received during fiscal year 1999.

Property Tax Allocation

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one - half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the above (rollback and homestead).

The Monroe County Auditor certified the amounts for rollback and homestead at \$470,000, which is a decrease of \$28,000 from the prior fiscal year.

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

All Other Revenues

The following schedule represents all other revenues not classified elsewhere:

Interest on Investments	\$194,000
Tuition and Drivers Education	18,000
Personal Property Tax Exemption	58,000
Wayne National Forest	12,000
Community Alternative Funding	35,000
Athletic/Music Fees	42,000
Ticket Sales - OSHAA Playoffs	29,000
Workbook Sales	10,000
Educational Fees	12,000
Tool Sales	22,000
Miscellaneous	<u>110,000</u>
Total	<u><u>\$542,000</u></u>

The forecasted revenue was based on the following:

- Earnings on investment are based on historical investment practices and current interest rates.
- Tuition and drivers education revenues received from the State are expected to decrease \$46,000 due to the elimination of the program by the State Department of Education.
- The personal property tax exemption revenue is expected to remain consistent with the prior fiscal year.
- The Wayne National Forest receipts come to the District with the personal property tax settlements and are received in the months of October and June.
- The community alternative funding represents federal grant monies received for children served by medicare.
- Athletic and music fees are expected to increase from the prior fiscal year.
- Ticket sales for the Ohio High School Athletic Association are forecasted at \$29,000 based on actual receipts received during the forecast period.
- The sale of workbooks and tools, and educational fees are based on the current fee schedules.

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

- Miscellaneous revenue of \$110,000 consists of donations, rental of school property, sale of assets, pay phone and vending machine commission, miscellaneous grants, book fines, insurance claims, and various other reimbursements.

Advances In

Advances in represent amounts advanced to other funds in the prior fiscal year and are being repaid to the general fund in the forecasted year. The total amount is forecasted at \$144,000, which includes \$98,000 from the food service enterprise fund, \$31,000 from the equity special revenue fund, \$11,000 from the secondary grant special revenue fund, and \$4,000 from the adult basic special revenue fund.

Operating Transfers In

Operating transfers in of \$7,000 represents a transfer from the permanent improvement debt service fund for the correction of a posting error.

All Other Financing Sources

This revenue source represents anticipated receipts for refunds of prior year expenditures. The forecast amount of \$16,000 represents actual receipts received by the District through December 1999.

3. Expenditure and Other Financing Use Assumptions

The fiscal year 2000 anticipated expenditures and other financing uses are based on the following:

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Personal Services

The personal service expenditures of \$10,179,000 forecasted for fiscal year 2000 are comprised as follows:

Certified Salaries	\$7,488,000
Classified Salaries	1,882,000
Substitute Pay	282,000
Supplemental Contracts	161,000
Severance Pay	312,000
Overtime Compensation	18,000
Home Instruction Costs	17,000
Student Worker Compensation	9,000
Board Members Salaries	<u>10,000</u>
Total	<u><u>\$10,179,000</u></u>

The School District is anticipating a \$387,000 increase in the cost of personal services from fiscal year 1999 levels. The major reasons for this 4 percent increase are outlined below:

- Step increases and movement on the salary grid caused by additional experience for teachers and classified employees for fiscal year 2000.
- Additional supplemental contract costs that are currently being paid from the General Fund as opposed to historically being paid out of the Athletic Fund.
- Increase in severance pay due to more retirement-eligible employees leaving the School District and electing to take advantage of the District's additional severance incentive.
- Increase in board member compensation due to more meetings to discuss the financial status of the School District.

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

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000

Employees' Retirement/Insurance Benefits

Employee retirement and insurance benefits are forecasted at \$3,232,000 for fiscal year 2000. This amount is as follows:

Retirement	\$1,424,000
SERS Surcharge	20,000
Retirement Pickup	191,000
Insurance	1,478,000
Workers' Compensation	53,000
Medicare	<u>66,000</u>
Total	<u><u>\$3,232,000</u></u>

The School District anticipates a \$147,000 increase in benefits for fiscal year 2000. This increase is due primarily to the following:

- Retirement costs will increase by \$71,000. The increase is attributable to step increases and movement on the salary grid caused by additional experience.
- Dental insurance costs will increase for fiscal year 2000 due to an increase in premium costs.
- Medicare costs are anticipated to increase due to newly hired employees replacing retirees in the School District who were not subject to medicare taxes.

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Purchased Services

Purchased service expenditures forecasted in the amount of \$1,129,000 are comprised of:

Professional and Technical Services	\$98,000
Property Services	164,000
Travel and Meeting Expenses	34,000
Communication	75,000
Utilities Services	376,000
Tuition	166,000
Pupil Transportation	172,000
Other Purchased Services	<u>44,000</u>
Total	<u><u>\$1,129,000</u></u>

The School District is anticipating a \$5,000 decrease in purchased services for fiscal year 2000. This decrease is due primarily to the following:

- The cost of professional and technical services is forecasted to increase \$25,000. This increase is due to the implementation of additional mandated statewide testing. Also, the District is required to pay for Hepatitis B vaccinations in fiscal year 2000. In addition, the District contracted for multi-handicapped professional services.
- Property costs are anticipated to decrease by \$106,000. This decrease is the result of the School District's lease on a modular building being paid off in fiscal year 1999.
- Utilities are forecasted to increase \$23,000 due to inflationary increases in utility costs.
- Other purchased services are forecasted to increase by \$25,000 due to the School District hosting two football play-offs resulting in additional costs to the District which were offset by ticket sales revenue.
- The remaining \$28,000 increase is a combination of forecasted amounts attributable to communications, travel and meeting expenses, tuition and pupil transportation costs.

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Supplies and Materials

The School District anticipates spending \$602,000 for supplies and materials in fiscal year 2000. The expenditures are as follows:

General Supplies, Library Books, Periodicals, and Food	\$167,000
Supplies and Materials for Operation, Maintenance and Repair	317,000
Textbooks	<u>118,000</u>
Total	<u><u>\$602,000</u></u>

There is a forecasted \$77,000 increase in expenditures for supplies and materials. The School District anticipates spending the entire balance remaining in the Textbook Subsidy Fund which results in a \$47,000 increase for textbook purchases. Also, supplies for maintenance and repair are forecasted to increase by \$19,000 due to the fact that the older buildings in the District are in need of repairs. The remaining \$11,000 increase is the result of historical trends in the costs associated with general supplies, library books, and periodicals.

Capital Outlay

Capital outlay expenditures are forecasted for fiscal year 2000 in the amount of \$204,000, which represents \$7,000 for new capital outlay and \$197,000 for replacement capital outlay. The majority of the planned expenditures are for the purchase of school buses.

Debt Service

The School District's debt service expenditures for fiscal year 2000 include a tax anticipation note, state solvency assistance advance, state loans, and an energy conservation (HB 264) loan.

For fiscal year 2000, the School District will be repaying amounts associated with a tax anticipation note. The five year tax anticipation note of \$680,000 issued December 28, 1995, will result in \$140,000 in principal and \$11,000 in interest payments in fiscal year 2000. These payments will be paid from property tax revenue.

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

During fiscal year 2000, the School District will be repaying two loans from the State and an advance from the State Solvency Assistance Fund. The fiscal year 1995 loan will require the School District to repay \$545,000 in principal and \$34,000 in interest charges. Debt service requirements for the fiscal year 1998 loan are \$585,000 in principal payments and \$29,000 in interest charges. Fiscal year 1999 solvency assistance advance repayment amounts are \$1,410,000 in principal payments. These payments are made from the state foundation resources.

The School District's debt service expenditures for fiscal year 2000 include an energy conservation (HB 264) loan. Repayment amounts are \$135,000 in principal payments and \$40,000 in interest charges. These debt obligations will be repaid with general property tax revenues.

Other Objects

This account includes dues, fees, liability insurance, and county board deductions. The School District is projecting a \$216,000 increase in these expenditures over fiscal year 1999. There is a projected increase of \$49,000 attributable to the county board deduction for fiscal year 2000. State audit fees are projected to increase by \$8,000 from fiscal year 1999. Open enrollment charges are projected to increase \$105,000 from fiscal year 1999. Settlement fees are forecasted to increase by \$24,000 as certified by the Monroe County Auditor. The remaining \$30,000 increase can be attributed to insurance costs and miscellaneous foundation deductions.

Operating Transfers Out

The School District has already transferred out \$85,000 during fiscal year 2000. The General Fund transferred \$40,000 to the ARC grant fund as part of the local match. The remaining \$45,000 has been transferred to the educational management information systems fund.

Advances Out

The School District expects \$213,000 in advances out this year. Advances to the food service enterprise fund and the Ohio Read's special revenue fund in the amount of \$98,000 and \$115,000, respectively, are anticipated. These advances are anticipated to prevent deficit balances at the end of fiscal year 2000 in these funds.

4. Spending Reserve

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2001 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget. The School District did not include a spending reserve in their current year tax budget.

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

5. Encumbrances

Encumbrances for purchased services and materials and supplies are forecasted at \$53,000 and \$59,000, respectively, based upon historical amounts. In addition, the School District anticipates encumbrances in the amount of \$132,000 for school bus purchases due to an aging fleet. The forecast also includes a projected \$105,000 encumbrance for the State Teacher's Retirement System advance.

6. Reservation of Fund Balance

Textbooks and Instructional Materials

The required three percent contribution for fiscal year 2000 for the textbooks and instructional materials set aside amounts to \$319,000. The set aside is partially offset in the amount of \$104,000 in proceeds from a portion of the permanent improvement levy approved under Section 5705.21 of the Ohio Revised Code. The remaining textbook requirement of \$215,000 is projected to be eliminated by qualifying expenditures of \$558,000.

Capital Improvements

The required three percent contribution for fiscal year 2000 for the capital improvements and maintenance set aside amounts to \$319,000. The set aside is completely offset by the proceeds from a permanent improvement levy adopted under Section 5705.21 of the Ohio Revised Code. The levy generates \$716,000 annually with \$293,000 used to retire permanent improvement fund related debt. This debt was retired on December 1, 1999.

Budget Reserve

A contribution for the budget stabilization set aside is required if the base for the prior year grew by at least three percent unless a School District is in fiscal emergency. The School District is currently in fiscal emergency, therefore no contribution is required. The District credited a refund of \$108,000 received from the Bureau of Workers' Compensation to the reserve in fiscal year 1998. This amount remains in the budget reserve for fiscal year 2000.

7. Levies

The School District placed a three year, two and one-half mill, capital improvement levy on the May 4, 1999 ballot which was passed by the voters. The School District plans to place a five year, five mill, renewal operating levy on the March 7, 2000 ballot.

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

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

8. Pending Litigation

The School District has no pending litigation that will have a financial impact according to the School District's legal counsel.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts and disbursements which is consistent with the required budget basis (non-GAAP) of accounting which is the same as that used to prepare the historical budgetary statements for the years ended June 30, 1997, 1998, and 1999. Under this system, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting and to make appropriations for budgetary funds. The appropriations are made by the Board of Education to their classification of accounts and are restricted for such purpose until expended or amended by the Board.

B. Investments

Investment procedures are restricted by the provisions of the Ohio Revised Code. The School District pools cash from all funds for investment purposes. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

C. Fund Accounting

The School District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

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 disbursed or transferred in accordance with Ohio law.

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than expendable trusts or those for major capital projects) that are legally restricted to disbursements for specified purposes.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000

Capital Project Funds

To account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Funds

To account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest. According to governmental accounting principles, the Debt Service Fund accounts for the payment of debt for governmental funds only. Under Ohio law, the debt service fund may be used to account for the payment of debt for both governmental and proprietary funds.

Proprietary Funds

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has 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.

Internal Service Funds

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds

Trust and Agency Funds

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. These include (a) Expendable Trust Funds, (b) Non-expendable Trust Funds, (c) Pension Funds, and (d) Agency Funds.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000

D. Budgetary Process

Budget

A budget of estimated cash receipts and disbursements is submitted to the Monroe County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the succeeding fiscal year.

Estimated Resources

The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. 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 annual appropriation measure.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances

The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

E. Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets as the purpose of the financial statements for the general governmental services is to report the expenditure of resources, not costs.

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

SCHEDULE OF NOTE INDEBTEDNESS
JANUARY 26, 2000

<u>O.R.C. AUTHORITY</u>	<u>NOTE AMOUNT</u>	<u>HELD BY</u>	<u>DUE</u>	<u>RATE OF INTEREST</u>	<u>SOURCE OF REPAYMENT</u>
3313.483	\$545,000	Fifth Third Bank	06-15-00	6.25%	Foundation
133.30	150,000	Fifth Third Bank	12-01-00	4.80%	Property Tax Revenue
3313.372	540,000	Huntington Capital	01-01-03	5.50%	General Fund Revenue
3313.483	585,000	Bank One	06-30-00	4.88%	Foundation
3316.20	2,114,250	State of Ohio	06-30-01	0%	Foundation

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

TEN-YEAR LEVY HISTORY
JANUARY 26, 2000

<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Term</u>	<u>Election Results</u>
05-08-90	Current Operating	5 mills	5 years	Passed
11-06-90	Bond Issue	4.6 mills	20 years	Failed
05-07-91	Current Operating	6 mills	Continuing	Failed
11-05-91	Current Operating	8 mills	5 years	Failed
11-03-92	Current Operating	3 mills	5 years	Failed
11-02-93	Income Tax	.75 percent	3 years	Failed
05-03-94	Permanent Improvement	2.9 mills	5 years	Failed
11-08-94	Current Operating	5.0 mills	5 years	Failed
02-07-95	Permanent Improvement	2.5 mills	3 years	Failed
02-07-95	Permanent Improvement	1 mill	3 years	Failed
02-07-95	Permanent Improvement	1 mill	3 years	Failed
02-07-95	Current Operating	5 mills	5 years	Failed
05-02-95	Current Operating	5 mills	5 years	Passed
11-07-95	Permanent Improvement	2.5 mills	3 years	Failed
03-19-96	Permanent Improvement	2.5 mills	3 years	Passed
05-06-97	Current Operating	5.6 mills	5 years	Failed
11-04-97	Bond Issue	5.8 mills	28 years	Failed
11-04-97	Current Operating	6.2 mills	1 year	Failed
05-05-98	Income tax	1.00 percent	1 year	Failed
05-04-99	Permanent Improvement	2.5 mills	3 years	Passed



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT

MONROE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 10, 2000**