



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SWANTON
FULTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances –Proprietary Fund Type – For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 2000	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances –Proprietary Fund Type – For the Year Ended December 31, 2000	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Swanton
Fulton County
219 Chestnut Street
Swanton, Ohio 43558-1395

To the Village Council:

We have audited the accompanying financial statements of the Village of Swanton (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

April 18, 2002

**VILLAGE OF SWANTON
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$103,904	\$48,547		\$1,085,578	\$1,238,029
Special Assessments			\$21,740		21,740
Intergovernmental Receipts	327,238	133,189			460,427
Charges for Services	7,122	1,475			8,597
Fines, Licenses, and Permits	49,788	1,241	300		51,329
Earnings on Investments	36,912	124,631			161,543
Miscellaneous	48,198	5			48,203
Total Cash Receipts	573,162	309,088	22,040	1,085,578	1,989,868
Cash Disbursements:					
Current:					
Security of Persons and Property	442,208		21,228		463,436
Public Health Services	435				435
Leisure Time Activities		61,709			61,709
Community Environment	39,717		75,645		115,362
Basic Utility Services	74,609		22,075		96,684
Transportation	57,393	134,136	30,079		221,608
General Government	487,469			23,360	510,829
Debt Service:					
Principal Payments		16,951	146,851		163,802
Interest Payments			464,166		464,166
Capital Outlay	58,339	38,850			97,189
Total Cash Disbursements	1,160,170	251,646	760,044	23,360	2,195,220
Total Cash Receipts Over (Under) Cash Disbursements	(587,008)	57,442	(738,004)	1,062,218	(205,352)
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes			1,110,000		1,110,000
Transfers-In	704,700		510,300		1,215,000
Transfers-Out	(64,568)			(1,215,000)	(1,279,568)
Total Other Financing Receipts/(Disbursements)	640,132		1,620,300	(1,215,000)	1,045,432
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	53,124	57,442	882,296	(152,782)	840,080
Fund Cash Balances, January 1	1,253,358	758,598	583,223	251,037	2,846,216
Fund Cash Balances, December 31	\$1,306,482	\$816,040	\$1,465,519	\$98,255	\$3,686,296
Reserves for Encumbrances, December 31	\$24,335	\$10,807	\$163,787		\$198,929

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

**VILLAGE OF SWANTON
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,052,207
Operating Cash Disbursements:	
Personal Services	681,201
Fringe Benefits	1,625
Contractual Services	617,771
Supplies and Materials	131,676
Capital Outlay	51,179
Total Operating Cash Disbursements	1,483,452
Operating Loss	(431,245)
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	69,099
Intergovernmental Receipts	5,340
Proceeds from Notes and Bonds	150,000
Other Non-Operating Receipts	7,005
Total Non-Operating Cash Receipts	231,444
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	(162)
Excess of Disbursements Over Receipts Before Interfund Transfers	(199,963)
Transfers-In	64,568
Net Disbursements Over Receipts	(135,395)
Fund Cash Balances, January 1	884,452
Fund Cash Balances, December 31	\$749,057
Reserve for Encumbrances, December 31	\$77,851

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

**VILLAGE OF SWANTON
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$100,903	\$42,831		\$1,049,640	\$1,193,374
Special Assessments			\$35,170		35,170
Intergovernmental Receipts	517,950	133,973	183,981		835,904
Charges for Services	11,358	1,100	2,417		14,875
Fines, Licenses, and Permits	48,927				48,927
Earnings on Investments	48,019	144,057			192,076
Miscellaneous	51,059	8,394			59,453
Total Cash Receipts	<u>778,216</u>	<u>330,355</u>	<u>221,568</u>	<u>1,049,640</u>	<u>2,379,779</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	457,301				457,301
Public Health Services	339				339
Leisure Time Activities		38,500			38,500
Community Environment	5,136				5,136
Basic Utility Services	59,894				59,894
Transportation	48,837	125,139			173,976
General Government	463,354		91,675	18,269	573,298
Debt Service:					
Principal Payments		11,465	560,260		571,725
Interest Payments			152,990		152,990
Capital Outlay	37,998	66,275	23,341		127,614
Total Cash Disbursements	<u>1,072,859</u>	<u>241,379</u>	<u>828,266</u>	<u>18,269</u>	<u>2,160,773</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>(294,643)</u>	<u>88,976</u>	<u>(606,698)</u>	<u>1,031,371</u>	<u>219,006</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes			410,000		410,000
Transfers-In	580,000		420,000		1,000,000
Other Financing Uses		(2,636)			(2,636)
Transfers-Out	(39,017)			(1,000,000)	(1,039,017)
Total Other Financing Receipts/(Disbursements)	<u>540,983</u>	<u>(2,636)</u>	<u>830,000</u>	<u>(1,000,000)</u>	<u>368,347</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	246,340	86,340	223,302	31,371	587,353
Fund Cash Balances January 1	<u>1,007,018</u>	<u>672,258</u>	<u>359,921</u>	<u>219,666</u>	<u>2,258,863</u>
Fund Cash Balances, December 31	<u><u>\$1,253,358</u></u>	<u><u>\$758,598</u></u>	<u><u>\$583,223</u></u>	<u><u>\$251,037</u></u>	<u><u>\$2,846,216</u></u>
Reserves for Encumbrances, December 31	<u>\$7,308</u>		<u>\$99,454</u>		<u>\$106,762</u>

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

**VILLAGE OF SWANTON
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,006,303
Miscellaneous	18,651
	1,024,954
Operating Cash Disbursements:	
Personal Services	612,514
Fringe Benefits	1,593
Contractual Services	334,871
Supplies and Materials	146,303
Capital Outlay	36,548
	1,131,829
Operating Loss	(106,875)
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	67,916
Intergovernmental Receipts	9,701
Other Non-Operating Receipts	7,893
	85,510
Excess of Disbursements Over Receipts Before Interfund Transfers Transfers-In	(21,365) 39,017
Net Receipts Over Disbursements	17,652
Fund Cash Balances, January 1	866,800
Fund Cash Balances, December 31	\$884,452
Reserve for Encumbrances, December 31	\$17,654

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

**VILLAGE OF SWANTON
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Swanton, Fulton County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, police, fire, and rescue services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF SWANTON
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

Parks and Recreation - This fund receives real estate and property tax revenues, rental receipts, and donations to fund the Village's Park programs and maintenance.

Permissive Tax Fund - This fund receives permissive tax and interest revenues used for constructing, maintaining and repairing Village streets.

3. Capital Projects Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital projects fund:

Capital Project Fund - Receives proceeds of Bond Anticipation Notes and revenue from Income Taxes. The proceeds are being used to improve the water and sewer systems and other governmental projects respectively.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Fire and Rescue Fund - This fund receives real estate and property tax revenues, charges for services for contracts from other governments for the provision of fire and rescue services.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as nonexpendable. Other trust funds are classified as expendable. The Village had the following significant fiduciary funds:

Income Tax Fund - Receives income tax monies from residents and businesses for operations and capital improvements.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

**VILLAGE OF SWANTON
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2001	2000
Demand deposits	\$60,911	\$201,146
Certificates of deposit	900,000	
Total deposits	960,911	201,146
 STAR Ohio	 3,474,442	 3,529,522
 Total deposits and investments	 \$4,435,353	 \$3,730,668

**VILLAGE OF SWANTON
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,080,965	\$1,277,862	\$196,897
Special Revenue	376,770	309,088	(67,682)
Capital Projects	965,000	1,642,340	677,340
Enterprise	1,512,132	1,348,219	(163,913)
Fiduciary	1,017,000	1,085,578	68,578
Total	<u>\$4,951,867</u>	<u>\$5,663,087</u>	<u>\$711,220</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,554,848	\$1,249,073	\$305,775
Special Revenue	547,650	262,453	285,197
Capital Projects	1,153,654	923,831	229,823
Enterprise	1,924,425	1,561,465	362,960
Fiduciary	1,267,900	1,238,360	29,540
Total	<u>\$6,448,477</u>	<u>\$5,235,182</u>	<u>\$1,213,295</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$432,617	\$1,358,216	\$925,599
Special Revenue	646,809	330,355	(316,454)
Capital Projects	817,581	1,051,568	233,987
Enterprise	422,626	1,149,481	726,855
Fiduciary	923,100	1,049,640	126,540
Total	<u>\$3,242,733</u>	<u>\$4,939,260</u>	<u>\$1,696,527</u>

**VILLAGE OF SWANTON
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,476,920	\$1,119,184	\$357,736
Special Revenue	347,055	244,015	103,040
Capital Projects	1,119,180	927,720	191,460
Enterprise	1,426,407	1,149,483	276,924
Fiduciary	1,024,900	1,018,269	6,631
Total	\$5,394,462	\$4,458,671	\$935,791

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

Bond Anticipation Notes of \$1,260,000 at 3.5%, due 8/29/02, are for water and sewer improvements.

**VILLAGE OF SWANTON
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

The Village entered into a Cooperative Agreement with Lucas County Engineers for Hallet Street Improvements for \$169,513 in 1997, at 0% interest, due 5/14/09. The annual payment is \$16,951 and the balance is \$135,611.

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$1,556,926	7.77%

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments of \$89,674, including interest, over 25 years.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OWDA Loan
2002	\$179,348
2003	179,348
2004	179,348
2005	179,348
2006	179,348
Subsequent	1,793,480
Total	\$2,690,220

7. RETIREMENT SYSTEMS

The Village's law enforcement officers and Fire Chief belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant [and 24% of fire participant] wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions; and
- Public officials liability.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Village of Swanton
Fulton County
219 Chestnut Street
Swanton, Ohio 43558-1395

To the Village Council:

We have audited the accompanying financial statements of the Village of Swanton (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-30126-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 18, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-30126-002.

Village of Swanton
Fulton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village of Swanton in a separate letter dated April 18, 2002.

This report is intended solely for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

April 18, 2002

**VILLAGE OF SWANTON
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-30126-001

Finding For Recovery

Swanton Codified Ordinance, Section 143.01(A) Mayors Compensation establishes the Mayor's compensation at \$5,520.00 per year. In 2000 Gary Moore, Mayor was paid \$5,980.00. This overpayment was a result of an additional payment of \$460.00 made in February 2000.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money, illegally expended, is hereby issued against Gary Moore, former Mayor, and the Western Surety Company, his bonding company, jointly and severally in the amount of four hundred sixty dollars (\$460.00) and in favor of the Village of Swanton's General Fund.

FINDING NUMBER 2001-30126-002

Reportable Condition - Performance of Bank Reconciliations and Posting Activities

The Village had not performed bank reconciliations as of April 30, 2000. When performing book to bank audit procedures and bank reconciliations for the period of May 1, 2000 to December 31, 2001, we have identified the following:

- Not all interest revenue or bank charge expenditures have been posted to the Financial Management ledgers. Accounting errors were not corrected properly in the ledger system, and voided checks were not voided in the ledger system.
- Checks that have cleared the bank accounts are not posted, as "reconciled" in the Financial Management ledgers on a timely basis. This prevents the Village from utilizing the Financial Management electronic format of the Bank Reconciliation and Outstanding Check listings, resulting in manual reconciliations.
- Although manual outstanding check listings were prepared for the audit period, several of the checks reported on the subsequent listings had already cleared the respective bank accounts.
- Several of the outstanding checks on the outstanding check listings have been carried as outstanding for a significant period of time.

These conditions provide for the possible misappropriations of assets occurring and not being detected, and inaccurate financial information presented to Council.

FINDING NUMBER 2001-30126-002
(Continued)

To correct the above conditions we recommend the following:

- Interest, bank charges, corrections of errors and voids should be posted monthly to the Financial Management System.
- Checks upon clearing the bank accounts should be “reconciled” and bank reconciliations and outstanding check listings should be performed electronically within the Financial Management System.
- The outstanding check listings should be reviewed for accuracy and completeness, and long outstanding items should be investigated and cleared on a timely basis.
- Bank reconciliations should be performed monthly, reviewed and initialed as such by the Finance Director for timely completion and accuracy, and also reviewed by Council for agreement with the Financial Management Statement of Cash Position Report.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF SWANTON

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 21, 2002**