



**Auditor of State  
Betty Montgomery**



VILLAGE OF SYRACUSE  
MEIGS COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Syracuse  
Meigs County  
P.O. Box 266  
2581 Third Street  
Syracuse, Ohio 45779-0266

To the Village Council:

We have audited the accompanying financial statements of Village of Syracuse, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002. 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.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments

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 of the Village of Syracuse, Meigs County, as of December 31, 2003 and 2002, 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 7, 2004, 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.

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Village of Syracuse  
Meigs County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, management, the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 7, 2004

**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$27,089	\$14,889	\$41,978
Intergovernmental Receipts	36,263	42,578	78,841
Charges for Services	1,752	10,006	11,758
Fines, Licenses, and Permits	22,321		22,321
Earnings on Investments	212	418	630
Miscellaneous	9,506	8,784	18,290
	<u>97,143</u>	<u>76,675</u>	<u>173,818</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	40,659	28,083	68,742
Leisure Time Activities	10,135		10,135
Transportation		38,123	38,123
General Government	37,318	394	37,712
Debt Service:			
Principal Payments	6,496	4,317	10,813
Interest Payments		4,392	4,392
	<u>94,608</u>	<u>75,309</u>	<u>169,917</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,535</u>	<u>1,366</u>	<u>3,901</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-Out	(8,250)		(8,250)
Other Financing Sources	893	4,140	5,033
Other Financing Uses		(5,033)	(5,033)
	<u>(7,357)</u>	<u>(893)</u>	<u>(8,250)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,822)	473	(4,349)
Fund Cash Balances, January 1	<u>21,146</u>	<u>53,592</u>	<u>74,738</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$16,324</u></b>	<b><u>\$54,065</u></b>	<b><u>\$70,389</u></b>

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

**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$90,370	\$	\$90,370
Earnings on Investments	\$2,153		2,153
Miscellaneous	804		804
Total Operating Cash Receipts	<u>93,327</u>	<u>0</u>	<u>93,327</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	47,287		47,287
Fringe Benefits	7,495		7,495
Contractual Services	31,663		31,663
Supplies and Materials	17,403		17,403
Total Operating Cash Disbursements	<u>103,848</u>	<u>0</u>	<u>103,848</u>
Operating Income/(Loss)	<u>(10,521)</u>	<u>0</u>	<u>(10,521)</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	10,000		10,000
Other Non-Operating Receipts		22,056	22,056
Total Non-Operating Cash Receipts	<u>10,000</u>	<u>22,056</u>	<u>32,056</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements		22,056	22,056
Total Non-Operating Cash Disbursements	<u>0</u>	<u>22,056</u>	<u>22,056</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(521)	0	(521)
Transfers-In	8,250		8,250
Net Receipts Over/(Under) Disbursements	7,729	0	7,729
Fund Cash Balances, January 1	67,849	0	67,849
<b>Fund Cash Balances, December 31</b>	<b><u>\$75,578</u></b>	<b><u>\$0</u></b>	<b><u>\$75,578</u></b>

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



**VILLAGE OF SYRACUSE  
MEIGS 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, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$26,547	\$15,822	\$	\$	\$42,369
Intergovernmental Receipts	38,563	30,541	6,750		75,854
Charges for Services	1,579	9,473			11,052
Fines, Licenses, and Permits	12,089				12,089
Earnings on Investments	501	816			1,317
Miscellaneous	10,883	10,813			21,696
<b>Total Cash Receipts</b>	<b>90,162</b>	<b>67,465</b>	<b>6,750</b>	<b>0</b>	<b>164,377</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	22,967	13,815			36,782
Leisure Time Activities	11,498				11,498
Transportation		18,130			18,130
General Government	42,246	3,230		312	45,788
Debt Service:					
Principal Payments	6,496	5,927			12,423
Interest Payments		6,030			6,030
<b>Total Cash Disbursements</b>	<b>83,207</b>	<b>47,132</b>	<b>0</b>	<b>312</b>	<b>130,651</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>6,955</b>	<b>20,333</b>	<b>6,750</b>	<b>(312)</b>	<b>33,726</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Advances-In	16,300				16,300
Transfers-Out	(5,000)				(5,000)
Advances-Out	(9,550)		(6,750)		(16,300)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>1,750</b>	<b>0</b>	<b>(6,750)</b>	<b>0</b>	<b>(5,000)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>8,705</b>	<b>20,333</b>	<b>0</b>	<b>(312)</b>	<b>28,726</b>
<b>Fund Cash Balances, January 1</b>	<b>12,441</b>	<b>33,259</b>	<b>0</b>	<b>312</b>	<b>46,012</b>
<b>Fund Cash Balances, December 31</b>	<b>\$21,146</b>	<b>\$53,592</b>	<b>\$0</b>	<b>\$0</b>	<b>\$74,738</b>

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

**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$96,560	\$	\$96,560
Earnings on Investments	\$2,948		2,948
Miscellaneous	1,957		1,957
	<hr/>		<hr/>
Total Operating Cash Receipts	101,465	0	101,465
	<hr/>		<hr/>
<b>Operating Cash Disbursements:</b>			
Personal Services	45,534		45,534
Fringe Benefits	7,509		7,509
Contractual Services	26,862		26,862
Supplies and Materials	21,787		21,787
Capital Outlay	13,000		13,000
Miscellaneous	50		50
	<hr/>		<hr/>
Total Operating Cash Disbursements	114,742	0	114,742
	<hr/>		<hr/>
Operating Income/(Loss)	(13,277)	0	(13,277)
	<hr/>		<hr/>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		10,705	10,705
	<hr/>		<hr/>
Total Non-Operating Cash Receipts	0	10,705	10,705
	<hr/>		<hr/>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements		10,705	10,705
	<hr/>		<hr/>
Total Non-Operating Cash Disbursements	0	10,705	10,705
	<hr/>		<hr/>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(13,277)	0	(13,277)
	<hr/>		<hr/>
Transfers-In	5,000		5,000
Advances-In	9,550		9,550
Advances-Out	(9,550)		(9,550)
	<hr/>		<hr/>
Net Receipts Over/(Under) Disbursements	(8,277)	0	(8,277)
	<hr/>		<hr/>
Fund Cash Balances, January 1	76,126	0	76,126
	<hr/>		<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$67,849</u></b>	<b><u>\$0</u></b>	<b><u>\$67,849</u></b>

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

**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Syracuse, Meigs 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 general governmental services, including maintenance of roads, fire protection services, police services, water utilities, cemetery maintenance and park operations. The Village is involved with the Syracuse-Racine Regional Sewer District which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 8.

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

**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**

Certificates of deposit are valued at cost.

**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 Funds**

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:

**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

*Fire Fund* - This fund receives tax money for fire protection as well as money from a contract with Sutton Township to provide fire protection to residents of the Township.

**3. Capital Project Fund**

These funds are 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 Project Fund:

*Tennis Court Project Fund* – This fund receives grant revenue. The proceeds are being used for the blacktopping of the Village park's tennis courts.

**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.

*Swimming Pool Fund* - This fund receives charges for services from residents to cover the cost of running the swimming pool.

**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 a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

*Mayor's Court Fund* - This Agency Fund receives fines from police department citations. These monies are divided between the Village and the State, as prescribed by law.

**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments as required by Ohio law.

A summary of 2003 and 2002 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.

**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**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:

	2003	2002
Demand deposits	\$89,131	\$87,739
Certificates of deposit	56,836	54,848
Total deposits	\$145,967	\$142,587

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

**2003 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,781	\$98,036	\$3,255
Special Revenue	74,349	80,815	6,466
Enterprise	106,004	111,577	5,573
Total	\$275,134	\$290,428	\$15,294

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,927	\$102,858	\$13,069
Special Revenue	127,941	80,342	47,599
Enterprise	169,908	103,848	66,060
Total	\$413,776	\$287,048	\$126,728

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,373	\$90,162	(\$6,211)
Special Revenue	66,647	67,465	818
Capital Projects	0	6,750	6,750
Enterprise	97,041	106,465	9,424
Total	\$260,061	\$270,842	\$10,781

**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,814	\$88,207	\$20,607
Special Revenue	99,906	47,132	52,774
Expendable Trust	312	312	0
Enterprise	167,326	114,742	52,584
Total	\$376,358	\$250,393	\$125,965

**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.

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. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Note - Fire Truck	\$75,868	5.25%
Total	\$75,868	

The General Obligation Note was for a fire truck that the Village purchased in 2000. The note was for \$117,000, with semiannual payments of \$7,603. The Note is collateralized by the Village's taxing authority.

**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. DEBT (Continued)**

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

	General Obligation Note
Year ending December 31:	
2004	\$15,205
2005	15,205
2006	15,205
2007	15,205
2008	15,205
2009	13,137
Total	<u>\$89,162</u>

**6. RETIREMENT SYSTEMS**

The employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides 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 2003 and 2002, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for Public Officials and Employment Practices Liability and Police Professional Liability.

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.



**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**8. JOINTLY GOVERNED ORGANIZATION**

*Syracuse-Racine Regional Sewer District* – The Syracuse-Racine Regional Sewer District is a regional sewer district organized under Chapter 6119 of the Ohio Revised Code. The District operates under the direction of a three member Board of Trustees whose membership is composed of one appointment from each of the participating political subdivisions: Sutton Township, Village of Syracuse, and Village of Racine. The membership elects a President, Vice-President, and a Secretary-Treasurer, who are responsible for fiscal control of the financial resources of the District.

To obtain financial information, write to the Syracuse-Racine Regional Sewer District, Dennie Hill, Secretary-Treasurer, at P.O. Box 201, Racine, Ohio 45771. During 2002, the Village paid the District \$640 for sewer services. During 2003, the Village paid the District \$488 for sewer services.

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**Auditor of State  
Betty Montgomery**

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

Village of Syracuse  
Meigs County  
P.O. Box 266  
2581 Third Street  
Syracuse, Ohio 45779-0266

To the Village Council:

We have audited the financial statements of Village of Syracuse, Meigs County, Ohio (the Village), as of and for the year ended December 31, 2003 and 2002, and have issued our report thereon dated April 7, 2004 wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Governmental Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 7, 2004.

**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 items 2003-002.

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A material weakness is a condition in which the design or operation of one or more 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 material weaknesses. We believe the reportable condition described above as item 2003-002 is 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 in a separate letter dated April 7, 2004.

This report is intended for the information and use of the audit committee, management, and the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 7, 2004

**VILLAGE OF SYRACUSE  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the Village Clerk-Treasurer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

If the amount involved is less than \$1,000 dollars (which was increased to \$3,000 on April 7, 2003), the Village Clerk-Treasurer may authorize payment through a "then and now" certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Funds were not encumbered prior to purchase commitment being made for 22.5% of the transactions tested and no "then and now" certificate was obtained. This could lead to obligations being entered into when there is not sufficient funds available to cover the transaction.

We recommend the Village establish procedures to assure that the required certification of funds from the Village Clerk-Treasurer is obtained prior to purchases being made. In the event this does not occur, we recommend the Village pursue a "then and now" certificate as stated above.

**FINDING NUMBER 2003-002**

**Material Weakness**

The Village used the Uniform Accounting System (UAN) for their financial records. During 2003 and 2002, the Village issued several manual checks instead of processing them through the UAN system. Also, in 2003, the Village was up to four months behind in posting payroll transactions to the UAN system as well as financial information for the month of December. As a result, the Village was not able to meet the filing requirements for their annual report as per Ohio Rev. Code, § 117.38 and the Village's bank balance exceeded the book balance by \$232.51 in the December 31, 2003 cash reconciliation.

During our subsequent testing of the financial statements, we also noted that the Village had not posted or reconciled for the months of January through April 7, 2004.

We recommend the Village require timely posting of financial activity to the UAN system as well as to use the UAN system to process checks for the Village. We also recommend the Village investigate and correct the reconciling items on the financial records per the cash reconciliation at December 31, 2003.

**VILLAGE OF YRACUSE  
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
200130753-001	Material weakness for the Daily Attendance and Worksheet for the pool, were not adequately completed during 2000.	Yes	Corrected.



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF SYRACUSE**

**MEIGS 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 20, 2004**