



**VILLAGE OF SWANTON
FULTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2023.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary Fund Types For the Year Ended December 31, 2023.....	6
Notes to the Financial Statements For the Year Ended December 31, 2023.....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022.....	19
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary Fund Types For the Year Ended December 31, 2022.....	20
Notes to the Financial Statements For the Year Ended December 31, 2022.....	21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33
Schedule of Findings.....	35
Prepared by Management:	
Summary Schedule of Prior Audit Findings	40

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INDEPENDENT AUDITOR'S REPORT

Village of Swanton
Fulton County
219 Chestnut Street
Swanton, Ohio 43558-1303

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Swanton, Fulton County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2025, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 27, 2025

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**VILLAGE OF SWANTON
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$164,752	\$102,055		\$266,807
Municipal Income Tax	2,540,450			2,540,450
Intergovernmental	134,855	350,197		485,052
Special Assessments	77,560			77,560
Charges for Services	15,295	1,111,429	\$63,000	1,189,724
Fines, Licenses and Permits	64,741	1,499		66,240
Earnings on Investments	92,896	25,539		118,435
Miscellaneous	33,404	32,741	11,762	77,907
<i>Total Cash Receipts</i>	<u>3,123,953</u>	<u>1,623,460</u>	<u>74,762</u>	<u>4,822,175</u>
Cash Disbursements				
Current:				
Security of Persons and Property	925,626	1,333,091		2,258,717
Leisure Time Activities	40,328	139,754		180,082
Community Environment	42,804			42,804
Basic Utility Services	26,800			26,800
Transportation	230,827	220,215		451,042
General Government	535,702			535,702
Capital Outlay		18,116	529,597	547,713
<i>Total Cash Disbursements</i>	<u>1,802,087</u>	<u>1,711,176</u>	<u>529,597</u>	<u>4,042,860</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,321,866</u>	<u>(87,716)</u>	<u>(454,835)</u>	<u>779,315</u>
Other Financing Receipts (Disbursements)				
Transfers In	843,570	210,000	171,000	1,224,570
Transfers Out	(1,438,570)			(1,438,570)
Advances In		40,000		40,000
Advances Out	(345,000)	(40,000)		(385,000)
Other Financing Sources	64,342			64,342
Other Financing Uses	(11,829)	(3,496)	(20,000)	(35,325)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(887,487)</u>	<u>206,504</u>	<u>151,000</u>	<u>(529,983)</u>
<i>Net Change in Fund Cash Balances</i>	<u>434,379</u>	<u>118,788</u>	<u>(303,835)</u>	<u>249,332</u>
<i>Fund Cash Balances, January 1</i>	<u>3,302,059</u>	<u>1,879,162</u>	<u>459,650</u>	<u>5,640,871</u>
<i>Fund Cash Balances, December 31</i>	<u>\$3,736,438</u>	<u>\$1,997,950</u>	<u>\$155,815</u>	<u>\$5,890,203</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SWANTON
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Proprietary Fund Types		
	Enterprise	Internal Service	Combined Total
Operating Cash Receipts			
Charges for Services	\$2,345,147		\$2,345,147
Operating Cash Disbursements			
Personal Services	595,026	\$36,774	631,800
Employee Fringe Benefits	240,938	6,577	247,515
Contractual Services	2,216,739	18,591	2,235,330
Supplies and Materials	403,221	1,003	404,224
Other	6,073		6,073
<i>Total Operating Cash Disbursements</i>	<u>3,461,997</u>	<u>62,945</u>	<u>3,524,942</u>
<i>Operating Loss</i>	<u>(1,116,850)</u>	<u>(62,945)</u>	<u>(1,179,795)</u>
Non-Operating Receipts (Disbursements)			
Loans Issued	1,416,429		1,416,429
Miscellaneous Receipts	22,167	355	22,522
Capital Outlay	(515,731)	(662)	(516,393)
Principal Retirement	(383,996)		(383,996)
Interest and Other Fiscal Charges	(76,864)		(76,864)
Other Financing Uses	(21,489)		(21,489)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>440,516</u>	<u>(307)</u>	<u>440,209</u>
<i>Loss before Transfers and Advances</i>	<u>(676,334)</u>	<u>(63,252)</u>	<u>(739,586)</u>
Transfers In	592,190	63,700	655,890
Transfers Out	(441,890)		(441,890)
Advances In	345,000		345,000
<i>Net Change in Fund Cash Balances</i>	<u>(181,034)</u>	<u>448</u>	<u>(180,586)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,821,076</u>	<u>25,104</u>	<u>1,846,180</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,640,042</u>	<u>\$25,552</u>	<u>\$1,665,594</u>
<i>See accompanying notes to the basic financial statements</i>			

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

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

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in jointly governed organizations and public entity risk pools. Notes 8, 13 and 16 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts and disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Operating Fund This fund receives property tax revenues and revenues from fire and rescue contracts with other governments for fire division operational costs.

EMS Operating Fund This fund receives revenues from an emergency medical services contract with Fulton County for Emergency EMS division operational costs.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Capital Improvement Fund This fund receives transfers from general fund income tax revenue and state and federal grants for the purchase, improvement and construction of capital projects throughout the Village.

Fire Capital Fund This fund receives transfers from general fund income tax revenue and contributions from fire and rescue contracts with area townships for purchases and maintenance of fire department building, equipment, and vehicles.

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

Water Plant Operating Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users located in the Village limits and some outside Village limits. This fund receives charges for services from residents and commercial users to cover water service costs.

WRRF Plant Operating Fund This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents and commercial users to cover sewer service costs.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Utility Billing Operating Fund This fund accounts for utility billing services provided to the Water, WRRF and Storm Water Enterprise funds. This fund receives transfers from Water, WRRF and Storm Water Enterprise funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 approve estimated resources.

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

A summary of 2023 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund, Local Fiscal Recovery Fund and Water Plant Capital Fund in the amounts of \$213,935, \$58,116, and \$571,171, respectively. for the year ended December 31, 2023.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,374,982	\$4,031,865	\$656,883
Special Revenue	1,718,954	1,873,460	154,506
Capital Projects	330,040	245,762	(84,278)
Enterprise	11,790,664	4,720,933	(7,069,731)
Internal Service	63,860	64,055	195
Total	<u>\$17,278,500</u>	<u>\$10,936,075</u>	<u>(\$6,342,425)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,472,106	\$3,604,621	(\$132,515)
Special Revenue	1,990,150	1,760,257	229,893
Capital Projects	601,140	549,597	51,543
Enterprise	11,141,472	4,906,098	6,235,374
Internal Service	70,055	63,912	6,143
Total	<u>\$17,274,923</u>	<u>\$10,884,485</u>	<u>\$6,390,438</u>

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2023</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$7,430,911
STAR Ohio	<u>124,886</u>
Total Deposits and Investments	<u><u>\$7,555,797</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding \$44,752 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Income Taxes

The Village levies a municipal income tax of 1.5 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.

The Regional Income Tax Agency administers and collects income taxes for the Village. Payments are remitted monthly net of collection fees of approximately 3.0 percent.

Note 7 – Interfund Balances

Outstanding advances at December 31, 2023, consisted of \$345,000 and \$40,000 advanced to the WRRF Capital Fund and Local Fiscal Recovery Fund, respectively, to provide working capital for operations or projects.

Interfund Transfers

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
General Fund		\$1,438,570
Police Operating	\$843,570	
Special Revenue:		
Park & Rec	60,000	
Fire Operating	150,000	
Capital Projects Funds:		
Capital Projects	91,000	
Fire Capital	80,000	
Enterprise Funds:		
Water		173,700
Water Distribution	110,000	
WRRF		268,190
WRRF Collections	90,190	
WRRF Capital	392,000	
Internal Service Fund:		
Utility Billing	63,700	
Total	<u>\$1,880,460</u>	<u>\$1,880,460</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to provide additional funding to various departments and finance capital projects.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	(<u>16,078,587</u>)
Members' Equity	<u>\$ 7,035,109</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Several Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Ohio Police and Fire Retirement System

The Village's full-time certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 11 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$504,503	0%
Ohio Water Development Authority Loans	7,384,446	0 - 2.78%
Total	<u>\$7,888,949</u>	

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Village has received the following loans from Ohio Water Development Authority (OWDA):

In 2007, a sewer separation project was mandated by OEPA. The OWDA approved \$525,545 in loans to the Village for the Broadway Street CSO Separation. The Village will repay the loan in semiannual installments of \$17,169, including interest over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This will be fully repaid as of January 2, 2024.

In 2010, a wastewater treatment plant improvement project was mandated by OEPA. The OWDA approved \$378,151 in loans to the Village for this project. The Village will repay the loan in semiannual installments of \$12,354, including interest over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2012 and 2013, two loans of \$594,785 and \$618,430 were received from OWDA for the Fulton Street sewer separation project mandated by the OEPA. The Village repays the loan in variable semiannual installments, including interest, over 20 years. The Village will repay the loan in semiannual installments of \$19,485 and \$18,906 respectively.

Also, in 2013, OWDA approved a loan up to \$1,930,871 for the Granular Activated Carbon (GAC) improvement project to improve the Village's water plant. This loan includes \$333,586 in debt forgiveness. The end disbursement totaled to \$1,786,720, reduced by the debt forgiveness totals to \$1,453,134. The Village will repay this loan in semiannual installments of \$31,885.

In 2016, OWDA approved a loan of up to \$741,234 for the Clark Street sewer separation project mandated by the OEPA. The Village will repay the loan in variable semiannual installments, including interest, over 20 years. The end disbursement totaled to \$684,227. The Village will repay this loan in semiannual installments of \$19,066.

In 2018, OWDA approved a loan up to \$1,174,286 for sewer separation Project 7. The Village will repay the loan in variable semiannual installments, including interest, over 20 years. The loan is to be repaid in semiannual installations over 20 years. The end disbursement totaled to \$917,996. The Village will repay this loan in semiannual installments of \$27,038.

In 2019, OWDA approved a loan of up \$1,065,731 for Project 10 Combined Sewer Separation. The Village will repay the loan in semiannual installments, including interest, over 20 years. The amortization schedule is not complete as of this report date. The end disbursement totaled to \$1,009,910. The Village will repay this loan in semiannual installments of \$26,831.

In 2021, OWDA approved a loan up to \$2,265,149 for Project 8&9 Combined Sewer Separation. The project began in 2021 and completed in 2022. No amortization schedule is available as of this report date. The end disbursement totaled to \$1,449,211. The Village will repay this loan in semiannual installments, due to recalculation using the new end disbursement total the amount has yet to be seen.

In 2022, OWDA approved a loan up to \$1,904,275 for improvements to the water treatment plant. The project began in 2022 and was completed in 2023. The first payment for this loan will occur on January 2, 2024. No amortization schedule is available as of this report date.

In 2023, OWDA approved a loan up to \$4,590,573 for the final sewer separation projects 3, 11, & 12. The project began in 2023, and is not complete as of this report date.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Village has the following interest free loans with OPWC:

In 2013, loans of \$64,299 for wastewater treatment improvements and \$80,000 for phase 2 of the Fulton Street Sewer Separation project were received. These are to be repaid in semiannual installments, waterline over 15 years and sewer separation over 20 years in the amount of \$1,071.64 and \$2,000 respectively.

In 2015, loans of \$85,500 for Holiday Lane Sanitary Sewer improvements and \$175,000 for Phosphorous Removal improvements at the wastewater treatment plant were received. These are to be repaid in semiannual installments, sanitary sewer over 13 years and phosphorous removal over 21 years, in the amounts of \$3,563 and \$4,375 respectively.

In 2016, a loan of \$87,500 for Clark Street Sewer Separation was received. The loan is to be repaid in semiannual installments over 20 years in the amount of \$2,188.

In 2018, a loan of \$86,007 for Project 7 (Church, Harrison, and Lawrence streets) sewer separation was received. The loan is to be repaid in semiannual installations over 20 years in the amount of \$2,150.

In 2020, a loan of \$100,000 for Project 10 Combined Sewer Separation was received. The loan is to be repaid in semiannual installations over 20 years in the amount of \$2,500.

In 2021, a loan of \$87,500 for Project 8&9 Combined Sewer Separation was approved. The loan is to be repaid in semiannual installations over 20 years in the amount of \$2,188.

Amortization

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

Year Ending December 31:	OWDA Loan	OPWC Loans
2024	\$440,683	\$40,069
2025	445,190	40,069
2026	445,190	40,069
2027	428,021	36,506
2028	410,852	32,944
2029-2033	1,927,314	164,718
2034-2038	1,508,674	111,905
2039-2043	1,005,690	38,223
2044-2046	63,771	
Total	<u>\$6,675,385</u>	<u>\$504,503</u>

For the OWDA Loans, there are two loans currently in process that have not yet begun paying. These loans are for projects not yet completed and payments have not commenced. These loans are noted above.

Note 12 – Construction and Contractual Commitments

In fiscal year 2023, the Village of Swanton entered into a contractual agreement with Jones and Henry Engineers and Hillabrand & Sons Construction for engineering and construction services for Projects 3, 11, and 12 Sewer Separation. As of December 31, 2023 nothing has been paid on the contract. Construction is expected to be completed in 2024.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 13 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 14 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Nonspendable:			
Unclaimed Monies	\$805		\$805
Outstanding Encumbrances	7,135	\$5,585	12,720
<i>Total</i>	<u>\$7,940</u>	<u>\$5,585</u>	<u>\$13,525</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the Village did not receive COVID-19 funding. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 16 – Jointly Governed Organization

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2023, the Village paid RITA \$72,607 for income tax collection services.

**VILLAGE OF SWANTON
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$159,484	\$100,337		\$259,821
Municipal Income Tax	2,408,676			2,408,676
Intergovernmental	157,058	451,088		608,146
Special Assessments	75,297			75,297
Charges for Services	18,615	1,175,637	\$63,000	1,257,252
Fines, Licenses and Permits	74,719			74,719
Earnings on Investments	15,624	5,277		20,901
Miscellaneous	21,062	26,966	23,100	71,128
<i>Total Cash Receipts</i>	<u>2,930,535</u>	<u>1,759,305</u>	<u>86,100</u>	<u>4,775,940</u>
Cash Disbursements				
Current:				
Security of Persons and Property	868,517	1,157,882		2,026,399
Leisure Time Activities	30,593	107,593		138,186
Community Environment	49,768			49,768
Basic Utility Services	25,000			25,000
Transportation	178,662	121,655		300,317
General Government	405,661			405,661
Capital Outlay		100,000	555,971	655,971
Debt Service:				
Principal Retirement			21,741	21,741
<i>Total Cash Disbursements</i>	<u>1,558,201</u>	<u>1,487,130</u>	<u>577,712</u>	<u>3,623,043</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,372,334</u>	<u>272,175</u>	<u>(491,612)</u>	<u>1,152,897</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			41	41
Transfers In	819,000	162,000	556,000	1,537,000
Transfers Out	(1,537,000)			(1,537,000)
Other Financing Uses		(49,000)		(49,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(718,000)</u>	<u>113,000</u>	<u>556,041</u>	<u>(48,959)</u>
<i>Net Change in Fund Cash Balances</i>	<u>654,334</u>	<u>385,175</u>	<u>64,429</u>	<u>1,103,938</u>
<i>Fund Cash Balances, January 1</i>	<u>2,647,725</u>	<u>1,493,987</u>	<u>395,221</u>	<u>4,536,933</u>
<i>Fund Cash Balances, December 31</i>	<u>\$3,302,059</u>	<u>\$1,879,162</u>	<u>\$459,650</u>	<u>\$5,640,871</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SWANTON
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Proprietary Fund Types		
	Enterprise	Internal Service	Combined Total
Operating Cash Receipts			
Charges for Services	\$2,180,661		\$2,180,661
Operating Cash Disbursements			
Personal Services	455,908	\$42,492	498,400
Employee Fringe Benefits	164,338	7,770	172,108
Contractual Services	927,596	18,518	946,114
Supplies and Materials	287,104	572	287,676
Other	6,893		6,893
<i>Total Operating Cash Disbursements</i>	<u>1,841,839</u>	<u>69,352</u>	<u>1,911,191</u>
<i>Operating Income (Loss)</i>	<u>338,822</u>	<u>(69,352)</u>	<u>269,470</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental Receipts	210,304		210,304
Loans Issued	1,970,084		1,970,084
Miscellaneous Receipts	6,194	1,598	7,792
Capital Outlay	(1,821,311)		(1,821,311)
Principal Retirement	(576,254)		(576,254)
Interest and Other Fiscal Charges	(80,399)		(80,399)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(291,382)</u>	<u>1,598</u>	<u>(289,784)</u>
<i>Income (Loss) before Special Item and Transfers</i>	<u>47,440</u>	<u>(67,754)</u>	<u>(20,314)</u>
Transfers In	870,847	62,000	932,847
Transfers Out	(932,847)		(932,847)
<i>Net Change in Fund Cash Balances</i>	<u>(14,560)</u>	<u>(5,754)</u>	<u>(20,314)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,835,636</u>	<u>30,858</u>	<u>1,866,494</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,821,076</u></u>	<u><u>\$25,104</u></u>	<u><u>\$1,846,180</u></u>

See accompanying notes to the basic financial statements

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in jointly governed organizations and public entity risk pools. Notes 8, 13 and 17 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts and disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Operating Fund This fund receives property tax revenues and revenues from fire and rescue contracts with other governments for fire division operational costs.

EMS Operating Fund This fund receives revenues from an emergency medical services contract with Fulton County for Emergency EMS division operational costs.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Capital Improvement Fund This fund receives transfers from general fund income tax revenue and state and federal grants for the purchase, improvement and construction of capital projects throughout the Village.

Fire Capital Fund This fund receives transfers from general fund income tax revenue and contributions from fire and rescue contracts with area townships for purchases and maintenance of fire department building, equipment, and vehicles.

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

Water Plant Operating Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users located in the Village limits and some outside Village limits. This fund receives charges for services from residents and commercial users to cover water service costs.

WRRF Plant Operating Fund This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents and commercial users to cover sewer service costs.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Utility Billing Operating Fund This fund accounts for utility billing services provided to the Water, WRRF and Storm Water Enterprise funds. This fund receives transfers from Water, WRRF and Storm Water Enterprise funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 approve estimated resources.

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

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury notes and negotiated certificates of deposit at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 – Compliance

Contrary to Ohio law, at December 31, 2022, the Utility Billing Operating Internal Service Fund had expenditures in excess of appropriations of \$2,451.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,265,285	\$3,749,535	\$484,250
Special Revenue	1,863,723	1,921,305	57,582
Capital Projects	713,608	642,141	(71,467)
Enterprise	7,803,274	5,238,090	(2,565,184)
Internal Service	62,000	63,598	1,598
Total	<u>\$13,707,890</u>	<u>\$11,614,669</u>	<u>(\$2,093,221)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,456,948	\$3,161,868	\$295,080
Special Revenue	1,979,357	1,644,058	335,299
Capital Projects	751,266	638,410	112,856
Enterprise	7,802,919	5,337,379	2,465,540
Internal Service	67,173	69,625	(2,452)
Total	<u>\$14,057,663</u>	<u>\$10,851,340</u>	<u>\$3,206,323</u>

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$5,281,071
Other time deposits (savings account)	<u>574,441</u>
Total deposits	<u>5,855,512</u>
US Treasury Notes	363,000
Certificates of Deposit	1,150,000
STAR Ohio	<u>118,539</u>
Total investments	<u>1,631,539</u>
Total Deposits and Investments	<u>\$7,487,051</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$116,336 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

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

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Income Taxes

The Village levies a municipal income tax of 1.5 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.

The Regional Income Tax Agency administers and collects income taxes for the Village. Payments are remitted monthly net of collection fees of approximately 3.0 percent.

Note 7 – Interfund Balances

Interfund Transfers

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
General Fund		\$1,537,000
Police Operating	\$819,000	
Special Revenue Funds:		
Park & Rec		
Fire Operating	162,000	
Capital Projects Funds:		
Capital Projects	400,000	
Fire Capital	156,000	
Enterprise Funds:		
Water		349,833
Water Distribution	92,000	
WRRF		579,914
WRRF Collections	108,000	
Storm Water		3,100
Water Capital	76,833	
WRRF Capital	46,150	
Water Debt Service	150,000	
WRRF Debt Service	397,864	
Internal Service Fund:		
Utility Billing	62,000	
Total	<u>\$2,469,847</u>	<u>\$2,469,847</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to provide additional funding to various departments and finance capital projects.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Several Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Ohio Police and Fire Retirement System

The Village's full-time certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$544,571	0%
Commercial Loan	20,998	3.16%
Ohio Water Development Authority Loans	<u>6,294,290</u>	0.27 - 2.78%
Total	<u>\$6,859,859</u>	

The Village has received the following loans from Ohio Water Development Authority (OWDA):

In 2007, a sewer separation project was mandated by Ohio Environmental Protection Agency (OEPA). The OWDA approved \$525,545 in loans to the Village for the Broadway Street CSO Separation. The Village will repay the loan in semiannual installments of \$17,169, including interest over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2010, a wastewater treatment plant improvement project was mandated by OEPA. The OWDA approved \$378,151 in loans to the Village for this project. The Village will repay the loan in semiannual installments of \$12,354, including interest over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2012 and 2013, two loans of \$594,795 and \$618,430 were received from OWDA for the Fulton Street sewer separation project mandated by the OEPA. The Village repays the loan in semiannual installments of \$19,485 and \$18,906, respectively, including interest, over 20 years. Sewer receipts collateralize the loan.

Also, in 2013, OWDA approved a loan of \$1,786,708 for the Granular Activated Carbon (GAC) improvement project to improve the Village's water plant. This loan includes \$333,586 in debt forgiveness for total financing of \$1,453,134. The Village repays the loan in semiannual installments of \$31,885, including interest, over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2016, OWDA approved a loan of up to \$744,943 for the Clark Street sewer separation project mandated by the OEPA. The Village will repay the loan in semiannual installments of \$19,066, including interest, over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2018, OWDA approved a loan of \$1,174,286 for sewer separation Project 7 mandated by the OEPA. The Village will repay the loan in semiannual installments of \$27,038, including interest, over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements,

In 2019, OWDA approved a loan of \$1,009,910 for Project 10 Combined Sewer Separation. The Village will repay the loan in semiannual installments of \$26,831, including interest, over 20 years. Sewer receipts collateralize the loan.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

In 2021, OWDA approved a loan of \$1,449,221 for Project 8&9 Combined Sewer Separation. The Village will repay this loan in semiannual installments of \$58,280, including interest, over 20 years. Due to recalculation using the new end disbursement total the amortization schedule is not available as of the date of this report.

In 2022, OWDA approved a loan of \$1,989,922 for improvements to the water treatment plant. The project began in 2022, \$433,372 was drawn and will be completed in 2023. The Village will repay the loan in semiannual installments of \$49,861, interest free, over 20 years. Sewer receipts collateralize the loan.

The Village has the following interest free loans with OPWC:

In 2013, loans of \$64,299 for wastewater treatment improvements and \$80,000 for phase 2 of the Fulton Street Sewer Separation project were received. These are to be repaid in semiannual installments, waterline over 15 years and sewer separation over 20 years in the amount of \$1,072 and \$2,000 respectively. These are to be repaid in semiannual installments, wastewater treatment improvements over 30 years and sewer separation over 20 years.

In 2015, loans of \$85,500 for Holiday Lane Sanitary Sewer improvements and \$175,000 for Phosphorous Removal improvements at the wastewater treatment plant were received. These are to be repaid in semiannual installments, sanitary sewer over 13 years and phosphorous removal over 21 years, in the amounts of \$3,563 and \$4,375 respectively.

In 2016, a loan of \$87,500 for Clark Street Sewer Separation was received. The loan is to be repaid in semiannual installments over 20 years in the amount of \$2,188.

In 2018, a loan of \$86,007 for Project 7 (Church, Harrison, and Lawrence streets) sewer separation was received. The loan is to be repaid in semiannual installations over 20 years in the amount of \$2,150.

In 2020, a loan of \$100,000 for Project 10 Combined Sewer Separation was received. The loan is to be repaid in semiannual installations over 20 years in the amount of \$2,500.

In 2021, a loan of \$87,500 for Project 8&9 Combined Sewer Separation was approved. The loan is to be repaid in semiannual installations over 20 years in the amount of \$2,188.

In 2015, the Village obtained a commercial loan of \$134,150 for the purchase of a new street sweeper. This will be repaid in 2023.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Amortization

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

Year Ending December 31:	OWDA Loans	OPWC Loans	Commercial Loan
2023	\$340,849	\$40,069	\$21,662
2024	440,683	40,069	
2025	445,190	40,069	
2026	445,190	40,069	
2027	428,021	36,506	
2028-2032	2,009,899	164,718	
2033-2037	1,565,711	129,030	
2038-2042	1,113,428	54,041	
2043-2045	227,263		
Total	<u>\$7,016,234</u>	<u>\$544,571</u>	<u>\$21,662</u>

For the OWDA Loans, there is one loan currently in process, due to recalculation of the end disbursement total. This loan is noted above.

Note 12 – Construction and Contractual Commitments

In fiscal year 2022, the Village of Swanton entered into a contractual agreement with Jones and Henry Engineers and Underground Utilities, Inc. for engineering and construction services for Project 3, 11 and 12 Sewer Separation. Construction is expected to be completed in 2023-2024.

Note 13 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 14 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$805			\$805
Outstanding Encumbrances	66,667	\$107,928	\$60,698	235,293
<i>Total</i>	<u>\$67,472</u>	<u>\$107,928</u>	<u>\$60,698</u>	<u>\$236,098</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenueans capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – Subsequent Events

The Auditor of State conducted an investigation that concluded in 2023. The investigation referenced what is now determined to be theft in office perpetrated by Kari Rowe. During her time with the Village, she committed theft in the amount of \$64,342 as determined by the Auditor of State. Per audit, the bonding company was required to disburse double the amount to the Village for the sake of recuperating the lost funds, as well as paying the Auditors for their work.

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the Village did not receive COVID-19 funding. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 17 – Jointly Governed Organization

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA’s operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2022, the Village paid RITA \$69,865 for income tax collection services.



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

Village of Swanton
Fulton County
219 Chestnut Street
Swanton, Ohio 43558-1303

To the Village Council:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Swanton, Fulton County, Ohio (the Village) and have issued our report thereon dated January 27, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-002.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 27, 2025

**VILLAGE OF SWANTON
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2023-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors requiring adjustment to the financial statements and notes to the financial statements for the year ended December 31, 2023 were identified:

- The Police Operating fund, which is primarily funded through transfers from the General fund was reported as a Special Revenue fund. This fund should be reported as part of the General fund in accordance with the provision of Governmental Accounting Standards Board Codification 1300.104. This resulted in General fund understatements and Special Revenue overstatements on the financial statements and notes to the financial statements of Intergovernmental Receipts (\$1,025), Charges for Services Revenue (\$15,045), Fines, Licenses and Permit Revenue (\$14,996), Miscellaneous Revenue (\$6,606), Transfers In (\$843,570), Security of Person and Property Expenditures (\$857,673), Fund Cash Balance at January 1, 2023 (\$182,716), Budgeted Receipts (\$829,198), Actual Revenues (\$881,242);
- The Unclaimed Monies fund, which is funded through unclaimed funds was reported as a Permanent fund. This fund should be reported as part of the General fund in accordance with the provision of Governmental Accounting Standards Board Codification 1300.104. This resulted in General fund understatements and Permanent fund overstatements on the financial statements and notes to the financial statements of Fund Cash Balance at January 1, 2023 of \$805;
- Enterprise Fund Ohio Water Development Authority (OWDA) Loans Issued in the amount of \$1,372,344 were not recorded by the Village in the financial statements as Loans Issued and Capital Outlay expenditures.
- Fire Capital Fund Fire Contract receipts received in the amount of \$63,000 were incorrectly posted as Miscellaneous Receipts instead of Charges for Services.
- General Fund Appropriation Authority and Budgetary Expenditures were understated in the amounts of \$954,501 and \$350,068 respectively;
- Special Revenue Fund Budgetary Basis Actual Revenues were understated in the amount of \$291,571 and Appropriations were overstated in the amount of \$962,275; and
- Capital Projects Fund Budgetary Basis Actual Revenues were understated in the amount of \$115,000.

Further, the following errors requiring adjustment to the financial statements and notes to the financial statements for the year ended December 31, 2022 were identified:

- The Police Operating fund, which is primarily funded through transfers from the General fund was reported as a Special Revenue fund. This fund should be reported as part of the General fund in accordance with the provision of Governmental Accounting Standards Board Codification 1300.104. This resulted in General fund understatements and Special Revenue overstatements on the financial statements and notes to the financial statements of Intergovernmental Receipts (\$15,586), Charges for Services Revenue (\$12,352), Fines, Licenses and Permit Revenue (\$27,597), Miscellaneous Revenue (\$5,585), Transfers In (\$819,000), Security of Person and Property Expenditures (\$803,389), Fund Cash Balance at January 1, 2023 (\$105,985), Budgeted Receipts (\$867,700), Actual Revenues (\$880,120);
- The Unclaimed Monies fund, which is funded through unclaimed funds was reported as a Permanent fund. This fund should be reported as part of the General fund in accordance with the provision of Governmental Accounting Standards Board Codification 1300.104. This resulted in General fund understatements and Permanent fund overstatements on the financial statements and notes to the financial statements of Fund Cash Balance at January 1, 2022 of \$805;
- General Fund Homestead and Rollback revenues in the amount of \$10,145 were incorrectly posted as Property and Other Local Taxes Receipts instead of Intergovernmental Receipts ;
- Enterprise Fund OWDA Loans Issued in the amount of \$285,584 were not recorded by the Village in the financial statements as Loans Issued and Capital Outlay expenditures.
- Fire Capital Fund Fire Contract receipts received in the amount of \$63,000 were incorrectly posted as Miscellaneous Receipts instead of Charges for Services;
- General Fund Appropriation Authority was understated in the amount of \$932,326 and Budgetary Basis Actual Expenditures were understated in the amount of \$66,670;
- Special Revenue Funds Budgeted Receipts and Budgetary Basis Actual Revenue were understated in the amount of \$113,800 and \$164,034, respectively, and Appropriation Authority and Budgetary Expenditures were overstated in the amount of \$924,229 and \$695,455, respectively;
- Capital Projects Budgeted Receipts, Budgetary Basis Actual Receipts, Appropriation Authority and Budgetary Expenditures were understated in the amounts of \$556,545, \$556,000, \$45,344, and \$60,698, respectively; and
- Enterprise Fund Budgeted Receipts, Budgetary Basis Actual Receipts, Appropriation Authority and Budgetary Expenditures were understated in the amounts of \$125,387, \$1,156,439, \$56,228, and \$370,317, respectively.

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The failure to adequately monitor financial statements and notes to the financial statements could allow for misstatements to occur and go undetected. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$26,044 to \$35,304 that we have brought to the Village's attention.

The Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council to help identify and correct errors and omissions.

FINDING NUMBER 2023-002

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's General, Local Fiscal Recovery and Water Plant Capital Funds had expenditures in excess of appropriations of \$213,935, \$58,116 and \$571,171, respectively, as of December 31, 2023 and the Village's Utility Billing Operating Internal Service Fund had expenditures in excess of appropriations of \$2,451, as of December 31, 2022.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

2. OTHER – FINDING FOR RECOVERY

In addition, we identified the following other issues related to a Findings for Recovery. These issues did not impact our GAGAS report.

FINDING NUMBER 2023-003

Finding for Recovery

Jason Vasko was the Village's fiscal Officer from March 20, 2022, to February 4, 2023. Due to Mr. Vasko's negligence, during his tenure there were several federal, Ohio Public Employees Retirement System, Ohio Department of Job and Family Services tax remittances and required reporting and PNC Bank credit card payments not made timely.

Federal tax:

The law requires employers to withhold taxes from employees' paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees' share of FICA taxes and individual income taxes. See 26 U.S.C. §§ 3102(a) and 3402(a). Those withholdings are considered to be held in "a special fund in trust for the United States." 26 U.S.C. § 7501(a). The employer is liable for the withheld portion of the employee's wages and must pay over the full amount to the government each quarter. See *United States v Farr*, 536 F.3d 1174, 1176 (10th Circ. 2008).

Further, quarterly reports are required to be sent by the last day of the first month following the close of the calendar quarter being reported. Employers must send in their quarterly reports electronically via the SOURCE, which allows employers and third-party administrators to run all their business related to unemployment contributions online. A notice of Failure to File (JFS-20158) is mailed to every employer who does not submit a complete Quarterly Tax return to Ohio Department of Job and Family Services.

The Internal Revenue Service (IRS) assessed and the Village paid penalties and interest due to failures to properly remit federal tax withholdings in the amount of \$468.18. The Ohio Department of Job and Family Services assessed and the Village paid penalties and interest due to failure to remit quarterly employment reports in the amount of \$2,042.43.

Ohio Public Employees Retirement System:

Ohio Rev. Code § 145.47 states the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the public employees retirement system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions within thirty days after the last day of such reporting period.

The Ohio Public Employees Retirement System (OPERS) assessed and the Village paid penalties in the amount of \$395.99, due to failures to properly remit OPERS pension withholdings.

Late Fees and Finance Charges

Due to Mr. Vasko's negligence, PNC Bank assessed and the Village paid late fees and finance charges in the amount of \$71.34 on monthly credit card billings.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued in the amount of \$2,977.94 against Jason Vasko and in favor of Village of Swanton's General Fund in the amount of \$2,977.94.

Village Council should establish procedures to verify withholdings and payments are made in a timely manner to avoid interest and penalties delinquent submissions. Failure to do so could result in potential findings for recovery being issued in future audits.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

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MAYOR
Neil Toeppen

COUNCIL MEMBERS
Mike Disbrow
Samantha Disbrow
Derek Kania
Patrick Messenger
John Schmidt
Dianne Westhoven

ADMINISTRATOR
Shannon Shulters

FISCAL OFFICER
Holden Benfield

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding first reported in 2007. Material weakness due to financial statement reporting errors.	Not corrected and reissued as Finding 2023-002 in this report	Additional errors occurred which were not detected by management. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.
2021-002	Noncompliance with Ohio Rev. Code § 731.141 for not having procedures in place to document the method of procurement in the purchase of a fire engine.	Fully corrected.	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SWANTON

FULTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/11/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov