



VILLAGE OF SWANTON
FULTON COUNTY

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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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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.

Emphasis of Matter

As discussed in Note 15 of the 2021 financial statements and Note 14 of the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

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 the financial audit standards in the Comptroller General of the United States' *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 23, 2023, 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 23, 2023

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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, 2021**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$136,143	\$216,312		\$352,455
Municipal Income Tax	2,102,441			2,102,441
Intergovernmental	128,631	471,263	\$359,024	958,918
Special Assessments	73,075			73,075
Charges for Services	13,491	913,147		926,638
Fines, Licenses and Permits	77,192			77,192
Earnings on Investments	26,004	8,454		34,458
Miscellaneous	20,915	17,981	66,849	105,745
<i>Total Cash Receipts</i>	<u>2,577,892</u>	<u>1,627,157</u>	<u>425,873</u>	<u>4,630,922</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	964,690	1,162,406		2,127,096
Leisure Time Activities	20,108	179,288		199,396
Community Environment	31,606			31,606
Basic Utility Services	22,500			22,500
Transportation	175,976	109,435		285,411
General Government	469,578	34,569		504,147
Capital Outlay		272,410	1,256,835	1,529,245
Debt Service:				
Principal Retirement			22,351	22,351
<i>Total Cash Disbursements</i>	<u>1,684,458</u>	<u>1,758,108</u>	<u>1,279,186</u>	<u>4,721,752</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>893,434</u>	<u>(130,951)</u>	<u>(853,313)</u>	<u>(90,830)</u>
Other Financing Receipts (Disbursements):				
Sale of Capital Assets			15,938	15,938
Transfers In	754,000	140,000	391,250	1,285,250
Transfers Out	(1,585,250)			(1,585,250)
Other Financing Sources		35,175		35,175
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(831,250)</u>	<u>175,175</u>	<u>407,188</u>	<u>(248,887)</u>
<i>Net Change in Fund Cash Balances</i>	62,184	44,224	(446,125)	(339,717)
<i>Fund Cash Balances, January 1</i>	<u>2,585,541</u>	<u>1,449,763</u>	<u>841,346</u>	<u>4,876,650</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,647,725</u>	<u>\$1,493,987</u>	<u>\$395,221</u>	<u>\$4,536,933</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, 2021**

	<u>Proprietary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$2,115,599		\$2,115,599
Operating Cash Disbursements:			
Personal Services	407,792	\$31,513	439,305
Transportation	148,682	7,111	155,793
Contractual Services	584,019	18,379	602,398
Supplies and Materials	257,086	120	257,206
Other	5,363		5,363
<i>Total Operating Cash Disbursements</i>	<u>1,402,942</u>	<u>57,123</u>	<u>1,460,065</u>
<i>Operating Income (Loss)</i>	<u>712,657</u>	<u>(57,123)</u>	<u>655,534</u>
Non-Operating Receipts (Disbursements):			
Sale of Notes	247,188		247,188
Miscellaneous Receipts	14,961	464	15,425
Capital Outlay	(1,061,763)		(1,061,763)
Principal Retirement	(927,681)		(927,681)
Interest and Other Fiscal Charges	(99,408)		(99,408)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,826,703)</u>	<u>464</u>	<u>(1,826,239)</u>
<i>Loss before Transfers</i>	<u>(1,114,046)</u>	<u>(56,659)</u>	<u>(1,170,705)</u>
Transfers In	1,416,098	62,000	1,478,098
Transfers Out	(1,178,098)		(1,178,098)
<i>Net Change in Fund Cash Balance</i>	<u>(876,046)</u>	<u>5,341</u>	<u>(870,705)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,711,682</u>	<u>25,517</u>	<u>2,737,199</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,835,636</u>	<u>\$30,858</u>	<u>\$1,866,494</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, 2021

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 Organization and Public Entity Risk Pools

The Village participates in a jointly governed organization and public entity risk pools. Notes 7, 12 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, 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:

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
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Notes to the Financial Statements
For the Year Ended December 31, 2021

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 These funds account for services provided by one department to other departments of the government unit. The Village had the following significant 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 in 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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund to 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, 2021

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 2021 budgetary activity appears in Note 3.

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, 2021

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 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,098,159	\$3,331,892	\$233,733
Special Revenue	1,886,038	1,802,332	(83,706)
Capital Projects	929,237	833,061	(96,176)
Enterprise	6,202,345	3,793,846	(2,408,499)
Internal Service	62,000	62,464	464
Total	\$12,177,779	\$9,823,595	(\$2,354,184)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,487,097	\$3,274,499	\$212,598
Special Revenue	2,166,628	1,766,914	399,714
Capital Projects	1,559,913	1,303,838	256,075
Enterprise	6,974,271	4,726,120	2,248,151
Internal Service	72,493	57,403	15,090
Total	\$14,260,402	\$11,128,774	\$3,131,628

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – 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>2021</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$4,225,669
CDARS	<u>2,061,213</u>
Total deposits	<u>6,286,882</u>
STAR Ohio	<u>116,545</u>
Total deposits and investments	<u><u>\$6,403,427</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, 2021, the Village has no 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 are not evidenced by securities that exist in physical or book-entry form.

Note 5 – 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, 2021

Income Taxes

The Village levies a municipal income tax of 1.50 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 6 – Interfund Transfers

<u>Fund</u>	<u>Transfers In</u>	<u>Transfer Out</u>
General Fund:		
General Fund		\$1,585,250
Police Operating	\$754,000	
Special Revenue:		
Park & Rec	30,000	
Fire Operating	110,000	
Capital Projects Funds:		
Capital Projects	260,000	
Fire Capital	131,250	
Enterprise Funds:		
Water		622,770
Water Distribution	100,000	
WRRF		552,228
WRRF Collections	78,000	
Storm Water		3,100
Water Capital	300,000	
WRRF Capital		
Water Debt Service	491,770	
WRRF Debt Service	446,328	
Internal Service Fund		
Utility Billing	62,000	
Total	<u>\$2,763,348</u>	<u>\$2,763,348</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, 2021

Note 7 – 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, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. 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 remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members’ Equity	<u>\$ 6,740,056</u>

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

Note 8 – 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, 2021.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021.

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, 2021.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Bond Anticipation Note	\$247,188	1.43%
Ohio Water Development Authority Loan	4,682,584	.27%-2.78%
Ohio Public Works Commission Loans	514,505	0%
Commercial Loan	41,354	3.16%
Total	\$5,485,631	

Bond Anticipation notes of \$247,188 is due August 10, 2022 for water improvements and the purchase of land for the reservoir and are rolled over each year with no preset requirement for reducing total notes outstanding.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 \$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 \$1,007,771 for Project 10 Combined Sewer Separation. The Village will repay the loan in semiannual installments, including interest, over 20 years. No amortization schedule is available as of this report date.

In 2021, OWDA approved a loan up to \$2,267,251 for Project 8&9 Combined Sewer Separation. The project began in 2021 and will be completed in 2022. No amortization schedule is available as of this report date.

The Village has the following interest free loans with Ohio Public Works Commission (OPWC):

In 2012, loans of \$64,299 for wastewater treatment plant improvements, and \$38,819 for improvements to Munson Road Waterline and \$35,895 for Elm and West Clair Street improvements were received. These loans were repaid in full in 2021.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

In 2013, loans of \$50,172 for Fulton Street Waterline 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 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 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 2018, a loan of \$86,007 for Project 7 sewer separation was received. The loan is to be repaid in semiannual installations over 20 years.

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 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 2015, the Village obtained a commercial loan of \$134,150 for the purchase of a new street sweeper. This loan was repaid in full in 2021.

Leases

The Village entered into lease purchase agreements for a Vac-Con truck for the Sewer department. A final lease payment in the amount of \$222,707 (\$206,392 principal and \$16,314 interest) was made in 2021. The payment was made from WRRF Debt Service fund.

Amortization

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

Year Ending December 31:	Bond	Commercial		
	Anticipation Notes	OWDA Loan	OPWC Loans	Loans
2022	\$250,723	\$291,807	\$39,038	\$21,662
2023		291,807	39,038	21,662
2024		291,807	39,038	
2025		291,807	39,038	
2026		291,807	39,038	
2027-2031		1,304,347	151,423	
2032-2036		856,095	122,093	
2037-2041		519,214	43,655	
2042-2046		191,312	2,144	
Total	<u>\$250,723</u>	<u>\$4,330,003</u>	<u>\$514,505</u>	<u>\$43,324</u>

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Construction and Contractual Commitments

In fiscal year 2021, the Village of Swanton entered into a contractual agreement with Underground Utilities, Inc. for construction services for the Project 8 and 9 Sewer Separation in the amount of \$2,008,772. As of December 31, 2021, only \$480,499 had been paid on the contract. Construction is expected to be completed in 2022.

Note 12 – 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 13 – 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:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$805			\$805
Outstanding Encumbrances	4,791	\$8,806	\$24,652	38,249
<i>Total</i>	<u>\$5,596</u>	<u>\$8,806</u>	<u>\$24,652</u>	<u>\$39,054</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 14 – Subsequent Events

The Auditor of State is currently conducting an investigation related to the Village. As of the date of this report, the investigation is ongoing, and depending on the outcome, the results of the investigation may be reported at a later date.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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 2021, the Village paid RITA \$61,583 for income tax collection services.

Note 17 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 18 – Miscellaneous Receipts

Miscellaneous receipts in the Capital Projects funds primarily consisted of contributions from fire and rescue contracts with area townships for the purchase of fire equipment.

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, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$119,983	\$188,503		\$308,486
Municipal Income Tax	1,909,014			1,909,014
Intergovernmental	182,145	521,338	\$167,409	870,892
Special Assessments	74,428			74,428
Charges for Services	13,448	903,756		917,204
Fines, Licenses and Permits	62,339			62,339
Earnings on Investments	48,510	10,499		59,009
Miscellaneous	76,676	71,949	83,863	232,488
<i>Total Cash Receipts</i>	<u>2,486,543</u>	<u>1,696,045</u>	<u>251,272</u>	<u>4,433,860</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	828,863	1,231,181		2,060,044
Leisure Time Activities	12,500	103,875		116,375
Community Environment	19,463			19,463
Basic Utility Services	22,500	6,358		28,858
Transportation	141,278	95,870		237,148
General Government	409,636	8,863		418,499
Capital Outlay		3,416	535,245	538,661
Debt Service:				
Principal Retirement	25,410	23,070	6,525	55,005
Interest and Fiscal Charges	1,652			1,652
<i>Total Cash Disbursements</i>	<u>1,461,302</u>	<u>1,472,633</u>	<u>541,770</u>	<u>3,475,705</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,025,241</u>	<u>223,412</u>	<u>(290,498)</u>	<u>958,155</u>
Other Financing Receipts (Disbursements):				
Sale of Capital Assets			410	410
Transfers In	680,000	247,916	825,999	1,753,915
Transfers Out	(1,855,915)	(98,000)	(25,000)	(1,978,915)
Other Financing Sources	295			295
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,175,620)</u>	<u>149,916</u>	<u>801,409</u>	<u>(224,295)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(150,379)</u>	<u>373,328</u>	<u>510,911</u>	<u>733,860</u>
<i>Fund Cash Balances, January 1</i>	<u>2,735,920</u>	<u>1,076,435</u>	<u>330,435</u>	<u>4,142,790</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,585,541</u>	<u>\$1,449,763</u>	<u>\$841,346</u>	<u>\$4,876,650</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, 2020**

	<u>Proprietary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$2,025,521		\$2,025,521
Miscellaneous	319		319
<i>Total Operating Cash Receipts</i>	<u>2,025,840</u>		<u>2,025,840</u>
Operating Cash Disbursements:			
Personal Services	383,555	\$34,421	417,976
Transportation	138,679	9,767	148,446
Contractual Services	559,532	17,021	576,553
Supplies and Materials	281,996		281,996
Other	11,022		11,022
<i>Total Operating Cash Disbursements</i>	<u>1,374,784</u>	<u>61,209</u>	<u>1,435,993</u>
<i>Operating Income (Loss)</i>	<u>651,056</u>	<u>(61,209)</u>	<u>589,847</u>
Non-Operating Receipts (Disbursements):			
Intergovernmental Receipts	99,999		99,999
Loans Issued	1,107,771		1,107,771
Sale of Capital Assets	4,113		4,113
Miscellaneous Receipts	38,661	3,046	41,707
Capital Outlay	(1,481,602)	(320)	(1,481,922)
Principal Retirement	(476,719)		(476,719)
Interest and Other Fiscal Charges	(103,603)		(103,603)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(811,380)</u>	<u>2,726</u>	<u>(808,654)</u>
<i>Loss before Transfers</i>	<u>(160,324)</u>	<u>(58,483)</u>	<u>(218,807)</u>
Transfers In	1,447,083	69,000	1,516,083
Transfers Out	(1,291,083)		(1,291,083)
<i>Net Change in Fund Cash Balance</i>	<u>(4,324)</u>	<u>10,517</u>	<u>6,193</u>
<i>Fund Cash Balances, January 1</i>	<u>2,716,006</u>	<u>15,000</u>	<u>2,731,006</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,711,682</u>	<u>\$25,517</u>	<u>\$2,737,199</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, 2020

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 Organization and Public Entity Risk Pools

The Village participates in a jointly governed organization and public entity risk pools. Notes 6, 12 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, 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:

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 fund:

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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 These funds account for services provided by one department to other departments of the government unit. The Village had the following significant 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 in 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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund to 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.

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.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020 budgetary activity appears in Note 3.

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.

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.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,054,079	\$3,166,838	\$112,759
Special Revenue	2,042,538	1,943,961	(98,577)
Capital Projects	1,328,100	1,077,681	(250,419)
Enterprise	5,208,900	4,723,467	(485,433)
Internal Service	69,000	72,046	3,046
Total	\$11,702,617	\$10,983,993	(\$718,624)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,720,703	\$3,322,697	\$398,006
Special Revenue	2,128,172	1,631,683	496,489
Capital Projects	1,400,275	1,079,054	321,221
Enterprise	6,110,254	4,758,177	1,352,077
Internal Service	69,000	62,455	6,545
Total	\$13,428,404	\$10,854,066	\$2,574,338

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – 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>2020</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$1,964,451
CDARS	<u>1,033,761</u>
Total deposits	<u>2,998,212</u>
STAR Ohio	<u>4,615,637</u>
Total deposits and investments	<u><u>\$7,613,849</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, 2020, the village is holding \$2,700 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 are not evidenced by securities that exist in physical or book-entry form.

Note 5 – 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, 2020

Income Taxes

The Village levies a municipal income tax of 1.50 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 6 – 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.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

Note 7 – 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, 2020.

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, 2020.

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, 2020.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bond Anticipation Note	\$416,783	2.40%
Ohio Water Development Authority Loan	4,914,792	.6%-2.78%
Ohio Public Works Commission Loans	587,898	0%
Commercial Loan	61,085	3.16%
Capital Leases	<u>206,392</u>	4.69%
Total	<u>\$6,186,950</u>	

Bond Anticipation notes of \$416,783 are due August 10, 2021 for water improvements and the purchase of land for the reservoir and are rolled over each year with no preset requirement for reducing total notes outstanding.

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 will repay the loan in semiannual installments of \$19,485 and \$18,906, respectively, 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, 2020

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 \$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 \$1,007,771 for Project 10 Combined Sewer Separation. Project 10 is scheduled to begin in 2020 with semiannual installments set to begin in July 2021. No amortization schedule is available as of the report date.

The Village has the following interest free loans with Ohio Public Works Commission (OPWC):

In July 2004, a loan of \$13,106 for improvements to E. Garfield Street was received. The loan was repaid in full in 2020.

In October 2007, a loan of \$32,425 for improvements to Dodge Street was received. The loan was repaid in full in 2020.

In 2012, loans of \$64,299 for wastewater treatment plant improvements, and \$38,819 for improvements to Munson Road Waterline and \$35,895 for Elm and West Clair Street improvements were received. These loans are to be repaid in semiannual installments, wastewater treatment plant over 30 years, Munson Road Waterline over 12 years and Elm and West Clair Streets over 13 years.

In 2013, loans of \$50,172 for Fulton Street Waterline 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 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 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 2018, a loan of \$86,007 for Project 7 sewer separation was received. The loan is to be repaid in semiannual installations over 20 years.

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.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

In 2015, the Village obtained a commercial loan of \$134,150 for the purchase of a new street sweeper. This is to be repaid in annual installments over 7 years.

Leases

The Village entered into lease purchase agreements for vehicles for the Police, and Sewer departments. The vehicles consisted of two interceptors for the Police Department, and a Vac-Con truck for the Sewer Department. Lease payments in the amount of \$113,534 (\$88,138 principal and \$14,273 interest) were made in 2020. The payments were made from the General and WRRF Debt Service funds.

Amortization

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

Year Ending December 31:	Bond Anticipation Notes	OPWC Loans	OWDA Loan	Commercial Loans	Capital Leases
2021	\$426,600	\$60,785	\$276,710	\$21,662	\$75,349
2022	250,723	42,190	291,807	21,662	75,349
2023		42,190	291,807	21,662	75,349
2024		42,190	291,808		
2025		42,190	291,808		
2026-2030		161,893	1,338,853		
2031-2035		134,843	957,418		
2036-2040		57,330	611,421		
2041-2045		4,287	255,082		
Total	<u>\$677,323</u>	<u>\$587,898</u>	<u>\$4,606,714</u>	<u>\$64,986</u>	<u>\$226,047</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Subsequent Events

The Auditor of State is currently conducting an investigation related to the Village. As of the date of this report, the investigation is ongoing, and depending on the outcome, the results of the investigation may be reported at a later date.

Note 12 – 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.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – 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:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$657			\$657
Outstanding Encumbrances	5,480	\$61,050	\$512,284	578,814
<i>Total</i>	<u>\$6,137</u>	<u>\$61,050</u>	<u>\$512,284</u>	<u>\$579,471</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 14 – 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 continues. During 2020, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 15 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. The change included removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

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 2020, the Village paid RITA \$55,798 for income tax collection services.

Village of Swanton, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 17 – Interfund Transfers

<u>Fund</u>	<u>Transfers In</u>	<u>Transfer Out</u>
General Fund:		
General Fund		\$1,855,915
Police Operating	\$680,000	
Special Revenue:		
Park & Rec	90,000	
Fire Operating	108,000	98,000
EMS Operating	49,916	
Capital Projects Funds:		
Capital Projects	393,750	25,000
Fire Capital	432,249	
Enterprise Funds:		
Water		475,083
Water Distribution	104,750	
WRRF		802,200
WRRF Collections	105,600	
Storm Water		13,800
Water Capital	294,150	
WRRF Capital	431,250	
Water Debt Service	142,333	
WRRF Debt Service	369,000	
Internal Service Fund		
Utility Billing	69,000	
Total	<u>\$3,269,998</u>	<u>\$3,269,998</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.

Note 18 – Miscellaneous Receipts

Miscellaneous receipts in the Capital Projects funds primarily consisted of contributions from fire and rescue contracts with area townships for the purchase of fire equipment.

Note 19 – Compliance

Contrary to Ohio Revised Code the Village purchased a fire truck without properly bidding the purchase or approving it as an emergency measure.



**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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued 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, 2021 and 2020 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 23, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

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 purposes 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 2021-001 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-002.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 23, 2023

**VILLAGE OF SWANTON
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

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.

In 2021, the Police Operating fund (2903), 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 and .105. This resulted in the following General fund understatements and Special Revenue funds overstatements on the financial statements and notes to the financial statements:

- Intergovernmental receipts (\$8,244);
- Charges for Services (\$13,491);
- Fines, Licenses and Permits (\$27,841);
- Miscellaneous receipts (\$8,261);
- Transfers In (\$754,000);
- Security of Persons and Property disbursements (\$898,349);
- Fund Cash Balance, January 1, 2020 (\$192,497);
- Budgeted Receipts (\$806,700);
- Actual Receipts (\$811,861);
- Appropriation Authority (\$949,118); and
- Budgetary Expenditures (\$900,168).

In 2021, the Unclaimed Monies fund (9101), 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 and .108. This resulted in the following General fund understatements and Permanent fund overstatements on the financial statements and notes to the financial statements:

- Miscellaneous receipts (\$25); and
- Budgeted Receipts (\$780).

These errors were not identified or 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. Failure to complete accurate financial statements and notes to the financial statements could lead to the Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$1,545 to \$74,958 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate the Village should adopt policies and procedures over financial reporting, 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.

Officials' Response:

Management is aware of the importance of the information presented on the financial statements and will ensure these errors are accurately identified and reported in the future.

FINDING NUMBER 2021-002

Noncompliance

Ohio Rev. Code § 731.141 states, in part, that when an expenditure, other than the compensation of persons employed by the village, exceeds fifty thousand dollars, the expenditure shall first be authorized and directed by ordinance of the legislative authority of the village. When so authorized and directed, except where the contract is for equipment, services, materials, or supplies to be purchased under division (D) of section 713.23 or section 125.04 or 5513.01 of the Revised Code, available from a qualified nonprofit agency pursuant to sections 4115.31 to 4115.35 of the Revised Code, or required to be purchased from a qualified nonprofit agency under sections 125.60 to 125.6012 of the Revised Code, the village administrator shall make a written contract with the lowest and best bidder after advertisement for not less than two nor more than four consecutive weeks in a newspaper of general circulation within the village or as provided in section 7.16 of the Revised Code. The bids shall be opened and shall be publicly read by the village administrator or a person designated by the village administrator at the time, date, and place as specified in the advertisement to bidders or specifications. The time, date, and place of bid openings may be extended to a later date by the village administrator, provided that written or oral notice of the change shall be given to all persons who have received or requested specifications no later than ninety-six hours prior to the original time and date fixed for the opening. All contracts shall be executed in the name of the village and signed on its behalf by the village administrator and the clerk.

On September 14, 2020, the Village Council approved the purchase of a fire engine in the amount of \$540,040. No documentation was available to show the item was bid or approved as an emergency measure.

The Village did not have procedures in place to document the method of procurement for these purchases.

The Village should contract all projects and equipment which exceed the \$50,000 threshold through competitive bidding procedures. Failure to follow competitive bidding procedures could result in the Village paying more for materials and labor.

Officials' Response:

Management is aware of the issue, and this is not standard practice by the Village. We will work to ensure the proper procurement procedures are followed in the future to ensure procurements are awarded and / or entered in the proper manner.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Finding first reported in 2007. Material weakness due to financial statement reporting errors.	Not corrected and reissued as Finding 2021-001 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.
2019-002	Material weakness and noncompliance with Ohio Rev. Code § 5705.10(F) for posting sale of permanent improvements to an improper fund.	Fully corrected.	



MAYOR
 Neil Toeppe

COUNCIL MEMBERS

Mike Disbrow
 Samantha Disbrow
 Derek Kania
 Patrick Messenger
 Dave Pilliod
 Dianne Westhoven

ADMINISTRATOR

Shannon Shulters

FINANCE DIRECTOR

Jason Vasko

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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 2/7/2023

88 East Broad 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