

**SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO**

**FINANCIAL STATEMENTS
(AUDIT)**

DECEMBER 31, 2014 and 2013



Dave Yost • Auditor of State

Board of Trustees
Sycamore Township
5696 Township Highway 136
Sycamore, Ohio 44882

We have reviewed the *Independent Auditor's Report* of Sycamore Township, Wyandot County, prepared by Maloney + Novotny LLC, for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Sycamore Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

December 16, 2015

This page intentionally left blank.

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Combined statement of receipts, disbursements, and changes in fund balances (cash basis) – all governmental fund types – year ended December 31, 2014	3
Combined statement of receipts, disbursements, and changes in fund balances (cash basis) – all governmental fund types – year ended December 31, 2013	4
Notes to financial statements	5-11
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	12-13
Schedule of Findings	14-16
Schedule of Prior Audit Findings	17

This page intentionally left blank.

38 South Franklin Street | P.O. Box 352 | Delaware, Ohio 43015
P 740.362.9031 F 740.363.7799 W maloneynovotny.com



Donald J. Wolf, CPA
William D. Rogers, CPA
G. Michael Dickey, CPA

Independent Auditors' Report

Sycamore Township
Wyandot County, Ohio
c/o Diane Parsell
5696 Township Highway 136
Sycamore, OH 44882-9471

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Sycamore Township, Wyandot County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code (ORC) Section 117.38 and Ohio Administrative Code (OAC) Section 117-2-03(D); 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.

Auditors' Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free of material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of ORC Section 117.38 and OAC Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis ORC Section 117.38 and OAC Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in its financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Sycamore Township, Wyandot County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions ORC Section 117.38 and OAC Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2015, on our consideration of the Township'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Township's internal control over financial reporting and compliance.



Delaware, Ohio
August 19, 2015

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES (CASH BASIS) – ALL GOVERNMENTAL FUND TYPES

Year Ended December 31, 2014

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
CASH RECEIPTS			
Property and local taxes	\$ 13,240	\$ 26,297	\$ 39,537
Intergovernmental	13,117	89,711	102,828
Earnings on investments	24	149	173
Other	<u>1,833</u>	<u>-</u>	<u>1,833</u>
Total cash receipts	<u>28,214</u>	<u>116,157</u>	<u>144,371</u>
CASH DISBURSEMENTS			
Current:			
General government	33,708	-	33,708
Public works	-	59,006	59,006
Public safety	-	343	343
Health	3,427	-	3,427
Capital outlay	<u>-</u>	<u>171</u>	<u>171</u>
Total cash disbursements	<u>37,135</u>	<u>59,520</u>	<u>96,655</u>
Excess of cash receipts over (under) cash disbursements	(8,921)	56,637	47,716
FUND CASH BALANCES, BEGINNING OF YEAR	<u>18,462</u>	<u>209,340</u>	<u>227,802</u>
FUND CASH BALANCES			
Restricted	-	265,977	265,977
Unassigned	<u>9,541</u>	<u>-</u>	<u>9,541</u>
FUND CASH BALANCES, END OF YEAR	<u>\$ 9,541</u>	<u>\$ 265,977</u>	<u>\$ 275,518</u>

The accompanying notes are an integral part of these financial statements.

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES (CASH BASIS) – ALL GOVERNMENTAL FUND TYPES

Year Ended December 31, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
CASH RECEIPTS			
Property and local taxes	\$ 10,733	\$ 24,321	\$ 35,054
Intergovernmental	12,915	96,716	109,631
Earnings on investments	<u>34</u>	<u>123</u>	<u>157</u>
Total cash receipts	<u>23,682</u>	<u>121,160</u>	<u>144,842</u>
CASH DISBURSEMENTS			
Current:			
General government	27,071	-	27,071
Public works	-	85,498	85,498
Public safety	-	8,991	8,991
Health	<u>3,730</u>	<u>-</u>	<u>3,730</u>
Total cash disbursements	<u>30,801</u>	<u>94,489</u>	<u>125,290</u>
Excess of cash receipts over (under) cash disbursements	(7,119)	26,671	19,552
FUND CASH BALANCES, BEGINNING OF YEAR	<u>25,581</u>	<u>182,669</u>	<u>208,250</u>
FUND CASH BALANCES			
Restricted	-	209,340	209,340
Unassigned	<u>18,462</u>	<u>-</u>	<u>18,462</u>
FUND CASH BALANCES, END OF YEAR	\$ <u>18,462</u>	\$ <u>209,340</u>	\$ <u>227,802</u>

The accompanying notes are an integral part of these financial statements.

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

- A. Description of the Entity – Sycamore Township, Wyandot County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery operations. The Township also contracts with the Village of Sycamore for fire and emergency medical services.

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is Ohio Township Association Risk Management Authority (OTARMA) which is a public entity risk pool that provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP).

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

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code (ORC) Section 117.38 and Ohio Administrative Code (OAC) Section 117-2-03(D) permit.

- C. Cash – Cash included an interest bearing demand deposit account.
- D. Fund Accounting – The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

General Fund

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

Special Revenue Funds

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

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Significant Accounting Policies (Continued)

D. Fund Accounting (Continued) –

Special Revenue Funds (Continued)

Road and Bridge Fund – This fund receives property tax and other revenues collected to construct, maintain and repair Township roads.

Fire District Fund – This fund receives fire levy tax money for the funding of fire and emergency medical services provided to the residents of the Township.

E. Budgetary Process – The ORC requires each fund to be budgeted annually.

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

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

Encumbrances – The ORC requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and re-appropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance – Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its resources in the governmental funds. The classifications are as follows.

Nonspendable – The *nonspendable* fund balance category includes amounts that cannot be spent because they are contractually required to be maintained intact.

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 – Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Significant Accounting Policies (Continued)

F. Fund Balance (Continued) –

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund, report all fund balances as assigned unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by ordinance, or by State Statute.

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 Township 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.

- G. Property, Plant and Equipment –The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Note 2. Equity in Pooled Cash

The Township maintains a cash pool used by all funds. The ORC prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits	\$ <u>275,518</u>	\$ <u>227,802</u>

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

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 3. Budgetary Activity

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

<u>Fund Type</u>	<u>2014 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 31,640	\$ 28,214	\$ (3,426)
Special Revenue	138,230	116,157	(22,073)
Total	\$ <u>169,870</u>	\$ <u>144,371</u>	\$ <u>(25,499)</u>

<u>Fund Type</u>	<u>2014 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 44,423	\$ 37,135	\$ 7,288
Special Revenue	198,850	59,520	139,330
Total	\$ <u>243,273</u>	\$ <u>96,655</u>	\$ <u>146,618</u>

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 25,400	\$ 23,682	\$ (1,718)
Special Revenue	121,169	121,160	(9)
Total	\$ <u>146,569</u>	\$ <u>144,842</u>	\$ <u>(1,727)</u>

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 50,982	\$ 30,801	\$ 20,181
Special Revenue	303,840	94,489	209,351
Total	\$ <u>354,822</u>	\$ <u>125,290</u>	\$ <u>229,532</u>

Note 4. Property Tax

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

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

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5. Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The ORC prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The ORC also prescribes contribution rates. For 2014 and 2013, OPERS members contributed \$2,312 and \$2,033, respectively, 10% of their gross salaries and the Township contributed \$3,236 and \$4,246, respectively, 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

Note 6. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through Ohio Bureau of Workers' Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants Inc.) (York), functions as the administrator of the pool and provides underwriting, claims, loss control, risk management, and reinsurance services for the pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage –The pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position – OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2014 and 2013 (the latest information available):

	<u>2014</u>	<u>2013</u>
Assets	\$ 35,970,263	\$ 34,954,286
Liabilities	(8,912,432)	(8,486,363)
Net position	\$ <u>27,057,831</u>	\$ <u>26,467,923</u>

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6. Risk Management (Continued)

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$8.2 million and \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.2 million and \$7.4 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of unpaid claims collectible in future years is approximately \$5,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

<u>2014</u>	<u>2013</u>
\$ 4,208	\$ 3,653

After completing one year of membership, members may withdraw on the anniversary of the date of joining OTARMA provided they provide 60 days written notice to OTARMA. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7. Jointly Governed Organizations

The Township does not participate in any jointly governed organizations.

Note 8. Subsequent Events

Subsequent events have been evaluated through the date of the audit report, which is the date the financial statements were available to be issued.

Note 10. Compliance

Contrary to Ohio law:

- Material reclassification to the financial statements was necessary in order for them to be fairly stated.
- The Township did not always encumber funds prior to expenditure.
- One Trustee who was in office for six months during the audit period was not bonded.

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 10. Compliance (continued)

- In 2013, the Township did not obtain an amended Certificate of Estimated Resources or amend appropriations to reflect the \$1,718 shortfall in anticipated receipts in the General Fund, which caused appropriations to exceed available resources by the same amount.

38 South Franklin Street | P.O. Box 352 | Delaware, Ohio 43015
P 740.362.9031 F 740.363.7799 W maloneynovotny.com



Donald J. Wolf, CPA
William D. Rogers, CPA
G. Michael Dickey, CPA

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

Sycamore Township
Wyandot County, Ohio
c/o Diane Parsell
5696 Township Highway 136
Sycamore, OH 44882-9471

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Sycamore Township, Wyandot County (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 19, 2015, wherein we noted the Township followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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. We consider Finding 2014-01 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as Findings Number 2014-02 through 2014-04.

Township's Response to Findings

We did not receive a response from officials to the findings.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Delaware, Ohio
August 19, 2015

Meloney + Novotny LLC

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

SCHEDULE OF FINDINGS

December 31, 2014 and 2013

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

Finding Number 2014-01

Material weakness

The Ohio Township Handbook Chart of Accounts appendix details the revenue and expenditure codes, name of source information, and a brief description of the type of revenue or expenditure that relates to the codes.

We noted the following errors in the Township prepared financial statements that required reclassification:

In 2013, in the Fire District Fund, fire and emergency medical services contract expenditures were coded to General Government instead of Public Safety. The reclassification totaled \$8,991. In 2014, \$1,921 of expenditures were charged to the Fire District Fund that were for purposes other than fire protection. These expenditures were reclassified to the General and Road and Bridge Funds, respectively.

In 2013, \$5,690 of rollback/homestead revenue was reclassified from Local Taxes to Intergovernmental revenue. In 2014, \$2,941 of rollback/homestead revenue was reclassified from Local Taxes to Intergovernmental revenue. In addition, in 2014 \$1,831 of the rollback/homestead revenue was recorded in the General Fund and needed to be reclassified to the Road and Bridge and Fire District Funds.

In 2013, prior audit fees were reclassified from Capital Outlay to General Government.

In 2014, real estate tax receipts were recorded at the net amount instead of at the gross amount. In addition, the amounts were not recorded in the appropriate amounts to the appropriate funds. Reclassifications were made to record the real estate taxes received at the gross amount and to the proper funds, and to capture county health department and other fees deducted from the receipt as expenditures.

Reclassifications between funds in 2014 resulted in reducing the General and Road and Bridge funds balance by \$4,778 and \$632, respectively, and increasing the Fire District Fund balance by \$5,410.

Although the misclassifications have been corrected under audit, annual financial statements available to the public until such time as the audit was completed were inaccurate.

Response by Township

No response received.

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

SCHEDULE OF FINDINGS

December 31, 2014 and 2013

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)**

Finding Number 2014-02
Noncompliance

Ohio Revised Code (ORC) Section 5705.36 states:

- (1) That an increased amended certificate must be obtained from the County Budget Commission if the legislative authority intends to appropriate and expend revenue in excess of the estimated resources.
- (2) A reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriations.

In 2013, appropriations exceeded available resources in the General Fund by \$1,718. This deficit was caused by actual receipts falling below budgeted receipts. We recognize that the Township did not spend all appropriations and actual expenses did not exceed available resources, but ORC Section 5705.36 still requires an amended Certificate of Estimated Resources to reflect the reduced receipts when actual available resources fall below appropriations. Additionally, the Township should have reduced the appropriations below the estimated resources.

Response by Township

No response received.

Finding Number 2014-03
Noncompliance

ORC Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the fiscal officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. We noted that funds were not encumbered prior to expenditure for fourteen of the forty disbursements tested for 2013 and 2014, and no Then and Now Certificates were prepared.

Response by Township

No response received.

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

SCHEDULE OF FINDINGS

December 31, 2014 and 2013

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)**

Finding Number 2014-04
Noncompliance

ORC Sections 505.02, 3929.17, 507.04(A) and 505.03 require township trustees to have a minimum bond of \$1,000 before entering upon the discharge of the duties of office. One trustee who served from July 1, 2013 to December 31, 2013 was never bonded.

Response by Township

No response received.

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2014 and 2013

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2012-01	Significant adjustments	No	Repeated as Finding Number 2014-01
2012-02	Appropriations exceeded estimated revenues	No	Repeated as Finding Number 2014-02

This page intentionally left blank.



Dave Yost • Auditor of State

SYCAMORE TOWNSHIP

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 29, 2015**