

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004-2003**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Sycamore  
132 North Sycamore Avenue  
Sycamore, Ohio 44882

We have reviewed the *Independent Accountant's Report* of the Village of Sycamore, Wyandot County, prepared by Knox & Knox for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountant's Report* on your financial statements. While the AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountant's Report* also includes an opinion on the financial statements using the regulatory format the AOS permits.

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. The Village of Sycamore is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 16, 2005

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VILLAGE OF SYCAMORE  
WYANDOT COUNTY

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# KNOX & KNOX

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Accountants and Consultants

## Independent Accountants' Report

Village of Sycamore  
Wyandot County  
P.O. Box 279  
Sycamore, Ohio 44882

To the Members of Council:

We have audited the accompanying financial statements of Village of Sycamore, Wyandot County, Ohio, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of the State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Sycamore, Wyandot County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

KNOX & KNOX

Orrville, Ohio  
November 28, 2005



**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property Taxes	\$ 49,473	\$ 29,834	\$	\$ 79,307
Municipal Income Taxes		153,663		153,663
Intergovernmental Receipts	81,254	29,257		110,511
Charges for Services	1,912	88,478		90,390
Fines, Licenses and Permits	4,303	109		4,412
Earnings on Investments	2,093	7,006		9,099
Miscellaneous	<u>50,628</u>	<u>52,780</u>		<u>103,408</u>
 Total Cash Receipts	 <u>189,663</u>	 <u>361,127</u>		 <u>550,790</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	101,877	81,652		183,529
Public Health Services	2,025	32,926		34,951
Leisure Time Activities	3,360			3,360
Community Environment		198,976		198,976
Transportation		153,686		153,686
General Government	64,259	27,009		91,268
Capital Outlay	<u>70,085</u>	<u>141,959</u>		<u>212,044</u>
 Total Cash Disbursements	 <u>241,606</u>	 <u>636,208</u>		 <u>877,814</u>
 Total Receipts Over/(Under) Cash Disbursements	 <u>&lt; 51,943 &gt;</u>	 <u>&lt; 275,081 &gt;</u>		 <u>&lt; 327,024 &gt;</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers In	68,158			68,158
Transfers Out		<68,158 >		<68,158 >
Debt Proceeds		85,355		85,355
Other Sources (Uses)		<u>205,889</u>		<u>205,889</u>
 Total Other Financing Receipts/(Disbursements)	 <u>68,158</u>	 <u>223,086</u>		 <u>291,244</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 16,215	 <51,995 >		 <35,780 >
 Fund Cash Balances, January 1, 2004	 <u>177,951</u>	 <u>506,072</u>	 <u>35,579</u>	 <u>719,602</u>
 <b>Fund Cash Balances, December 31, 2004</b>	 <u><u>\$194,166</u></u>	 <u><u>\$454,077</u></u>	 <u><u>\$ 35,579</u></u>	 <u><u>\$683,822</u></u>
 Reserves for Encumbrances, December 31, 2004	 <u><u>\$ _____</u></u>	 <u><u>\$ _____</u></u>	 <u><u>\$ _____</u></u>	 <u><u>\$ _____</u></u>

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

VILLAGE OF SYCAMORE  
WYANDOT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$739,051</u>
Total Operating Cash Receipts	<u>739,051</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	106,589
Fringe Benefits	26,215
Contractual Services	59,724
Supplies and Materials	106,086
Capital Outlay	<u>263,618</u>
Total Operating Cash Disbursements	<u>562,232</u>
Operating Income	<u>176,819</u>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	<u>122,119</u>
Total Non-Operating Cash Disbursements	<u>122,119</u>
Net Cash Receipts Over/(Under) Disbursements	54,700
Fund Cash Balances, January 1, 2004	<u>461,858</u>
<b>Fund Cash Balances, December 31, 2004</b>	<u><b>\$516,558</b></u>
Reserves for Encumbrances, December 31, 2004	<u>\$</u>

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property Taxes	\$ 53,893	\$ 30,270	\$	\$ 84,163
Municipal Income Taxes		204,895		204,895
Intergovernmental Receipts	24,372	24,105		48,477
Charges for Services	4,834	95,700		100,534
Fines, Licenses and Permits	5,918			5,918
Earnings on Investments	2,530	5,988		8,518
Miscellaneous	<u>4,165</u>	<u>131,735</u>	<u>          </u>	<u>135,900</u>
 Total Cash Receipts	 <u>95,712</u>	 <u>492,693</u>	 <u>          </u>	 <u>588,405</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	127,023	64,932		191,955
Public Health Services	2,482			2,482
Leisure Time Activities	1,817			1,817
Community Environment		157,199		157,199
Transportation		74,015		74,015
General Government	<u>69,261</u>	<u>30,543</u>	<u>          </u>	<u>99,804</u>
 Total Cash Disbursements	 <u>200,583</u>	 <u>326,689</u>	 <u>          </u>	 <u>527,272</u>
 Total Receipts Over/(Under) Cash Disbursements	 <u>&lt;104,871&gt;</u>	 <u>166,004</u>	 <u>          </u>	 <u>61,133</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers In	89,773	62,840		152,613
Transfers Out	<u>          </u>	<u>&lt;161,591&gt;</u>	<u>          </u>	<u>&lt;161,591&gt;</u>
 Total Other Financing Receipts/(Disbursements)	 <u>89,773</u>	 <u>&lt;98,751&gt;</u>	 <u>          </u>	 <u>&lt;8,978&gt;</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	  <u>&lt;15,098&gt;</u>	  <u>67,253</u>		  <u>52,155</u>
 Fund Cash Balances, January 1, 2003	 <u>193,049</u>	 <u>438,819</u>	 <u>35,579</u>	 <u>667,447</u>
 <b>Fund Cash Balances, December 31, 2003</b>	 <b><u>\$177,951</u></b>	 <b><u>\$506,072</u></b>	 <b><u>\$ 35,579</u></b>	 <b><u>\$719,602</u></b>
 Reserves for Encumbrances, December 31, 2003	 <u>\$ 2,486</u>	 <u>\$ 14,576</u>	 <u>\$</u>	 <u>\$ 17,062</u>

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$956,769</u>
Total Operating Cash Receipts	<u>956,769</u>
 <b>Operating Cash Disbursements:</b>	
Personal Services	103,954
Fringe Benefits	47,047
Contractual Services	56,734
Supplies and Materials	155,184
Miscellaneous	5,851
Capital Outlay	<u>387,632</u>
Total Operating Cash Disbursements	<u>756,402</u>
Operating Income	<u>200,367</u>
 <b>Non-Operating Cash Disbursements:</b>	
Debt Service	<u>135,133</u>
Total Non-Operating Cash Disbursements	<u>135,133</u>
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	65,234
Transfers In	<u>8,978</u>
Net Cash Receipts Over Cash Disbursements	74,212
Fund Cash Balances, January 1, 2003	<u>387,646</u>
<b>Fund Cash Balances, December 31, 2003</b>	<u><b>\$461,858</b></u>
Reserves for Encumbrances, December 31, 2003	<u><u>\$ 6,319</u></u>

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Sycamore, Wyandot County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services, including electric, water and sewer utilities; park operations (leisure time activities); and police, fire and ambulance services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Investments are assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

VILLAGE OF SYCAMORE  
WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

*Fire Fund* - This fund receives money from a levy and charges for services to cover the costs of providing fire protection services.

*Local Income Tax Fund* - This fund receives local income tax revenue which is allocated to the General Fund, the Street Construction Fund, the Storm Sewer Fund, and the Swimming Pool Fund to assist with the expenditures of these funds. The remaining portion of income tax revenue is used to cover the costs to collect this tax.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and loan indebtedness.

4. Capital Project Fund

This fund is used to account for receipts and expenditures related to the construction of a wastewater treatment plant for the Village.

5. Enterprise Funds

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

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

E. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2004	2003
Deposits	\$ 884,826	\$ 869,890
Cash on hand	250	250
Total deposits and cash on hand	885,076	870,140
STAR Ohio	315,304	311,320
Total deposits and investments	\$1,200,380	\$1,181,460

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 214,428	\$ 257,821	\$ 43,393
Special Revenue	551,310	652,371	101,061
Enterprise	717,000	739,051	22,051
Total	<u>\$1,482,738</u>	<u>\$1,649,243</u>	<u>\$166,505</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 382,381	\$ 241,606	\$ 140,775
Special Revenue	1,057,441	704,366	353,075
Capital Projects	35,579		35,579
Enterprise	1,178,846	684,351	494,495
Total	<u>\$2,654,247</u>	<u>\$1,630,323</u>	<u>\$1,023,924</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 266,243	\$ 185,485	\$<80,758>
Special Revenue	601,990	555,533	<46,457>
Enterprise	913,305	965,747	52,442
Total	<u>\$1,781,538</u>	<u>\$1,706,765</u>	<u>\$&lt;74,773&gt;</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 252,032	\$ 203,069	\$ 48,963
Special Revenue	1,040,806	502,856	537,950
Enterprise	1,453,205	897,854	555,351
Total	<u>\$2,746,043</u>	<u>\$1,603,779</u>	<u>\$1,142,264</u>



**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Village. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. LOCAL INCOME TAX**

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

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

**6. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	85,344	0.00%
Water Plant & Line Loan	80,971	6.00%
Sanitary Sewer Bonds	<u>1,450,785</u>	5.25%
Total	<u>\$1,617,100</u>	

In 2002, the Village entered into an agreement with the Ohio Public Works Commission to borrow \$102,940 for a storm sewer project. At December 31, 2004, the Village had received \$85,344. At that time the project was not complete, a close-out package had not been submitted, and an amortization schedule had not been established.

The Village obtained a \$100,000 loan from a local financial institution for water plant and line improvement projects. This loan will be repaid in monthly installments of \$645, including interest, through 2022.

The Farmers Home Administration Sanitary Sewer bonds relate to the construction of a wastewater treatment plant for the Village. The bonds will be repaid in annual installments of approximately \$100,850, including interest, through 2034.

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. DEBT (Continued)**

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

	<u>Water Plant &amp; Line Loan</u>	<u>Sanitary Sewer Bonds</u>
Year ending December 31:		
2005	\$ 7,736	\$ 100,838
2006	7,736	100,899
2007	7,736	100,897
2008	7,736	100,899
2009	7,736	100,897
2010-2014	38,680	504,341
2015-2019	38,680	504,239
2020-2024	23,208	504,461
2025-2029		504,407
2030-2034		504,415
	<u>\$139,248</u>	<u>\$3,026,293</u>

**7. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health and life insurance and dental and vision coverage to full-time employees through a private carrier.

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Accountants and Consultants

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

Village of Sycamore  
Wyandot County  
P.O. Box 279  
Sycamore, Ohio 44882

To the Village Council:

We have audited the accompanying financial statements of Village of Sycamore, Wyandot County, Ohio (the Village), as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated November 28, 2005, wherein we noted that the Village reclassified its income tax fund from expendable trust to the special revenue fund type. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which would have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2004-001.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the Village in a separate letter dated November 28, 2005.

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

*KNOX & KNOX*

Orrville, Ohio  
November 28, 2005

**VILLAGE OF SYCAMORE  
 WYANDOT COUNTY  
 SCHEDULE OF FINDINGS  
 DECEMBER 31, 2004 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS        REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2004-001</b>
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**Appropriations Exceed Estimated Resources**

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total amount of estimated revenue available for expenditure therefrom, as certified by the Budget Commission.

Appropriations exceeded total estimated resources in the following funds:

<u>Year</u>	<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
2003	Enterprise	\$1,300,951	\$1,453,205	\$<152,254>

We recommend that the Village closely monitor its appropriations in respect to its estimated resources in order to ensure appropriations do not exceed total estimated resources in each fund.

**VILLAGE OF MARSHALLVILLE  
WYANDOT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid' <b>Explain:</b>
2002-001	Revised Code 5705.41(D) - Certification of expenditures	Yes	Fully Corrected.
2002-002	Revised Code 5705.39 - Appropriations exceed estimated resources	No	Not Corrected in 2003, But Corrected in 2004.







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**VILLAGE OF SYCAMORE**

**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 30, 2005**