



Mary Taylor, CPA  
Auditor of State



**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

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# Mary Taylor, CPA

Auditor of State

Sycamore Township  
Hamilton County  
8540 Kenwood Road  
Cincinnati, Ohio 45236

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 13, 2007

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Sycamore Township  
Hamilton County  
8540 Kenwood Road  
Cincinnati, Ohio 45236

To the Board of Trustees:

We have audited the accompanying financial statements of Sycamore Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Township'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 the Comptroller General of the United States' *Government Auditing Standards*. 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township 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 Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township 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, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Sycamore Township, Hamilton County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2005 and 2004. The Township 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 March 13, 2007, 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. 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 *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

March 13, 2007



**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Local Taxes	\$294,473	\$3,944,571	\$0	\$0	\$4,239,044
Intergovernmental	3,081,067	1,534,440	44,278	0	4,659,785
Special Assessments	0	0	0	25,803	25,803
Payments in Lieu of Taxes	0	4,685,207	398,501	0	5,083,708
Charges for Services	0	426,539	0	0	426,539
Licenses, Permits, and Fees	343,672	0	0	0	343,672
Fines, Forfeitures, and Penalties	27,384	0	0	0	27,384
Earnings on Investments	107,672	386,447	9,502	0	503,621
Other Revenue	390,371	44,539	0	0	434,910
	<u>4,244,639</u>	<u>11,021,743</u>	<u>452,281</u>	<u>25,803</u>	<u>15,744,466</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	2,361,012	0	0	0	2,361,012
Public Safety	708,452	4,624,147	0	0	5,332,599
Public Works	660,729	716,014	0	43,303	1,420,046
Health	36,000	0	0	0	36,000
Conservation - Recreation	169,411	0	0	0	169,411
Miscellaneous	50,000	0	4,674	0	54,674
Payments to Schools	0	2,239,815	0	0	2,239,815
Debt Service:					
Redemption of Principal	0	0	229,439	0	229,439
Interest and Fiscal Charges	0	0	199,701	0	199,701
Capital Outlay	<u>2,674,459</u>	<u>2,009,683</u>	<u>0</u>	<u>0</u>	<u>4,684,142</u>
	<u>6,660,063</u>	<u>9,589,659</u>	<u>433,814</u>	<u>43,303</u>	<u>16,726,839</u>
Total Receipts Over/(Under) Disbursements	<u>(2,415,424)</u>	<u>1,432,084</u>	<u>18,467</u>	<u>(17,500)</u>	<u>(982,373)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Bonds	0	0	234,165	1,775,835	2,010,000
Sale of Fixed Assets	0	2,971,978	0	0	2,971,978
Other Uses	0	0	0	(51,842)	(51,842)
	<u>0</u>	<u>2,971,978</u>	<u>234,165</u>	<u>1,723,993</u>	<u>4,930,136</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,415,424)	4,404,062	252,632	1,706,493	3,947,763
Fund Cash Balances, January 1	<u>2,456,643</u>	<u>16,812,430</u>	<u>775,927</u>	<u>34,379</u>	<u>20,079,379</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$41,219</b></u>	<u><b>\$21,216,492</b></u>	<u><b>\$1,028,559</b></u>	<u><b>\$1,740,872</b></u>	<u><b>\$24,027,142</b></u>
Reserve for Encumbrances, December 31	<u>\$64,824</u>	<u>\$245,227</u>	<u>\$0</u>	<u>\$0</u>	<u>\$310,051</u>

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

**SYCAMORE TOWNSHIP  
HAMILTON 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>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Local Taxes	\$288,943	\$4,013,445	\$0	\$0	\$4,302,388
Intergovernmental	4,240,254	1,279,768	43,474	0	5,563,496
Special Assessments	0	0	0	26,309	26,309
Payments in Lieu of Taxes	0	4,723,595	391,262	0	5,114,857
Charges for Services	0	376,106	0	0	376,106
Licenses, Permits, and Fees	226,582	0	0	0	226,582
Fines, Forfeitures, and Penalties	28,204	0	0	0	28,204
Earnings on Investments	69,170	156,780	1,784	0	227,734
Other Revenue	330,026	53,089	0	0	383,115
<b>Total Cash Receipts</b>	<u>5,183,179</u>	<u>10,602,783</u>	<u>436,520</u>	<u>26,309</u>	<u>16,248,791</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	2,460,907	0	0	0	2,460,907
Public Safety	791,944	4,244,568	0	0	5,036,512
Public Works	1,077,651	512,521	0	23,967	1,614,139
Health	35,798	0	0	0	35,798
Conservation - Recreation	205,182	0	0	0	205,182
Miscellaneous	50,000	94,772	5,459	0	150,231
Payments to Schools	0	2,252,423	0	0	2,252,423
Debt Service:					
Redemption of Principal	0	0	216,373	0	216,373
Interest and Fiscal Charges	0	0	214,504	0	214,504
Capital Outlay	1,460,209	1,684,538	0	0	3,144,747
<b>Total Cash Disbursements</b>	<u>6,081,691</u>	<u>8,788,822</u>	<u>436,336</u>	<u>23,967</u>	<u>15,330,816</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(898,512)</u>	<u>1,813,961</u>	<u>184</u>	<u>2,342</u>	<u>917,975</u>
<b>Fund Cash Balances, January 1 (Restated)</b>	<u>3,355,155</u>	<u>14,998,469</u>	<u>775,743</u>	<u>32,037</u>	<u>19,161,404</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$2,456,643</b></u>	<u><b>\$16,812,430</b></u>	<u><b>\$775,927</b></u>	<u><b>\$34,379</b></u>	<u><b>\$20,079,379</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$3,146,289</b></u>	<u><b>\$127,829</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$3,274,118</b></u>

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

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Sycamore Township, Hamilton County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, park operations, fire protection and emergency medical services. The Township contracts with Hamilton County to provide police protection.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

**C. Cash and Investments**

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

The Township values U.S. Treasury securities at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

Police Fund - This fund receives property tax money and pays the contract with Hamilton County Sheriff's Department for police services and other costs associated with security of persons.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

Tax Increment Funds – The Township has several tax increment funds which receive service payments in lieu of taxes to provide acquisition and construction of the Township's infrastructure.

**3. Debt Service Funds**

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Funds:

Kemper Road Service Fund – This fund is required by a trust agreement and must maintain a \$430,877 fund balance

Kemper Road Debt Retirement Fund – This fund receives service payments in lieu of taxes from the Kemper Road TIF Fund in order to pay the annual debt obligations.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Funds:

Kemper/Gold Coast/Deerfield TIF – The Township received a bond proceeds during 2005 for the acquisition and construction of the Kemper/Gold Coast/Deerfield Office Project.

Lighting Assessment Fund – This fund receives fiscal officer certified assessments which Hamilton County collects along with real estate taxes in order to pay Duke Energy for the individual lighting districts.

**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, 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. Unencumbered appropriations lapse at year end.

**2. 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 also approve estimated resources.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. 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.

**G. 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.

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

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

	2005	2004
Demand deposits	\$2,094,262	\$705,854
U.S. Treasury Notes	13,585,728	14,984,357
STAR Ohio	4,498,637	3,736,704
U.S. Treasury Money Market Funds	3,848,515	652,464
Total investments	21,932,880	19,373,525
Total deposits and investments	\$24,027,142	\$20,079,379

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

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

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

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,500,000	\$4,244,639	(\$2,255,361)
Special Revenue	11,457,122	13,993,721	2,536,599
Debt Service	436,000	686,446	250,446
Capital Projects	30,000	1,801,638	1,771,638
Total	\$18,423,122	\$20,726,444	\$2,303,322

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,946,568	\$6,724,887	\$2,221,681
Special Revenue	11,437,658	9,834,886	1,602,772
Debt Service	722,300	433,814	288,486
Capital Projects	54,000	95,145	(41,145)
Total	\$21,160,526	\$17,088,732	\$4,071,794

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,500,000	\$5,183,179	\$1,683,179
Special Revenue	10,008,480	10,602,783	594,303
Debt Service	436,520	436,520	0
Capital Projects	30,000	26,309	(3,691)
Total	\$13,975,000	\$16,248,791	\$2,273,791

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,390,464	\$9,227,980	(\$2,837,516)
Special Revenue	10,502,811	8,916,651	1,586,160
Debt Service	722,300	436,336	285,964
Capital Projects	36,000	23,967	12,033
Total	\$17,651,575	\$18,604,934	(\$953,359)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at December 31, 2005 in the FEMA grant fund by \$191,542, the Kenwood Road TIF Fund by \$118,380, the Duke TIF fund by \$19,320, the Sycamore Commons TIF fund by \$18,000 and the Kemper/Gold Coast/Deerfield TIF fund by \$51,842, and at December 31, 2004 in the General Fund by \$2,837,516. These violations were the result of outstanding encumbrances and new debt issuance costs that were not recorded by the Township.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio law, the Township did not establish a special revenue fund in 2005 for the Kemper/Gold Coast/Deerfield TIF fund, and in 2004 for the FEMA fund. These funds and their activity are included in the report financial statements within the special revenue funds

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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 Township. 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 Township.

**5. DEBT**

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Kemper Road Tax Increment Bonds	\$3,212,604	5.95%
Kemper Gold Coast Tax Increment Bonds	2,010,000	6%
Total	<u>\$5,222,604</u>	

The Kemper Road Tax Increment Bonds were issued in 1996 in the amount of \$5,000,000 for 15 years. The bonds were issued to finance both the construction of sanitary and storm sewers along East Kemper Road and the widening and improvements of East Kemper and Conrey Roads. The bonds are collateralized solely by the Township's taxing authority. Due to the covenants contained in the Tax Increment Financing agreement, the debt activity is recorded in a Debt Service Fund type. The mortgage revenue bond covenant requires the Township to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2005 is \$438,271.

The Township issued tax increment revenue bonds in 2005 in the amount of \$2,010,000 18 years. The bonds were issued to finance the acquisition and construction of infrastructure including storm water improvement for the Kemper/Gold Coast/Deerfield Office Project. The bonds are collateralized solely by the Township's taxing authority.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**5. DEBT (Continued)**

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

Year ending December 31:	Kemper Rd Tax Increment	Kemper/Gold Coast Tax Increment
2006	\$430,878	\$115,910
2007	430,878	170,600
2008	430,878	172,600
2009	430,878	179,300
2010	430,878	185,400
2011 – 2015	2,154,390	933,500
2016 – 2020		952,800
2011 – 2024		785,000
Total	<u>\$4,308,780</u>	<u>\$3,495,110</u>

**6. RETIREMENT SYSTEMS**

The Township’s certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, members of OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2005.

**7. RISK POOL MEMBERSHIP**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments (“Members”).

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

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.



**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. RISK POOL MEMBERSHIP (Continued)**

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<b>2005</b>	<b>2004</b>
Assets	\$8,219,430	\$6,685,522
Liabilities	(2,748,639)	(2,227,808)
Members' Equity	\$5,470,791	\$4,457,714

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. OUTSTANDING LIABILITIES**

Per the School District Reimbursement Agreement between Sycamore Township and Sycamore Community School District, the Township is required to pay 60.786% of service payments to the District for the Karrington TIF. The Township did not make any payments during 2004 or 2005. The Township approximately owes the following amounts to the District:

Fiscal Year 2005	\$55,664
Fiscal Year 2004	\$50,575

**9. FUND BALANCE RESTATEMENT**

The Township had previously recorded TIF funds as Capital Project Funds. The TIF funds were reclassified as Special Revenue funds and associated TIF debt retirement funds were reclassified as Debt Service Funds.

Fund Type	12/31/03 Ending Fund Balance	Reclassification of TIF Funds	1/1/04 Beginning Fund Balance
Special Revenue	908,494	14,089,975	14,998,469
Debt Service	0	775,743	775,743
Capital Projects	14,897,755	(14,865,718)	32,037
Total	<u>\$15,806,249</u>	<u>\$0</u>	<u>\$15,806,249</u>

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# Mary Taylor, CPA

## Auditor of State

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

Sycamore Township  
Hamilton County  
8540 Kenwood Road  
Cincinnati, Ohio 45236

To the Board of Trustees:

We have audited the financial statements of Sycamore Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated March 13, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 through 2005-003.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Township's management dated March 13, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **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, providing an opinion 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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-003. In a separate letter to the Township's management dated March 13, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

March 13, 2007

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2005-001**

**Noncompliance Citation/Reportable Condition**

**Ohio Rev. Code, § 5705.41(D)**, prohibits a subdivision a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Board.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds for purchase commitments for thirteen percent and seven percent of expenditures tested, respectively, for 2005 and 2004 and none of the exceptions above applied. Additionally, the Township had unrecorded outstanding encumbrances for twenty-eight percent and thirteen percent of expenditures tested, respectively, for 2005 and 2004. Failure to properly certify the availability of funds can result in overspending funds and negative fund balances.

**FINDING NUMBER 2005-001  
 (Continued)**

Unless the Township uses the exceptions noted above, prior certification is not required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the Township Fiscal Officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**Officials' Response**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2005-002**

**Noncompliance Citation/Reportable Condition**

**Ohio Rev. Code, § 5705.41(B)**, provides that no subdivision or taxing unit is to expend money unless it has been properly appropriated. The Township had expenditures plus outstanding encumbrances that exceeded appropriations in the following funds:

Year	Fund	Total Appropriations	Total Expenditures & Outstanding Encumbrances	Variance
2005	014 – FEMA	\$44,379	\$235,921	(\$191,542)
	026 – Kenwood TIF	3,226,659	3,345,039	(118,380)
	028 – Duke TIF	510,000	529,320	(19,320)
	032 – Sycamore Commons TIF	100,150	118,150	(18,000)
	033 – Kemper/Gold Coast/Deerfield TIF	0	51,842	(51,842)
2004	001 – General Fund	6,390,464	9,227,980	(2,837,516)

Expending more than is appropriated could result in negative fund balances and fiscal distress due to over spending. The Township Fiscal Officer should consider denying payment requests exceeding appropriations. We recommend that the Township monitor budgetary activity monthly and make the necessary amendments to their official budgetary documents and system so that they reflect the actual budgetary situation, and that they operate within their budget. All amendments should be reviewed and approved by the Board of Trustees.

**Officials' Response**

We did not receive a response from Officials to this finding.

### FINDING NUMBER 2005-003

#### Noncompliance Citation/Reportable Condition

**Ohio Rev. Code, § 5705.09(F)**, requires the Township to establish a special fund for each class of revenue derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure and anticipated expenditures should be included in the Township's appropriations. Also, per **Ohio Rev. Code, §5709.75**, tax increment equivalent funds are to be established for each incentive district established by the Board of Trustees, who shall also establish at least on account in that fund with respect to each incentive district. The Board of Trustees is required to approve the establishment of all new funds through the minute records.

During 2005, the Township failed to establish the Kemper Road/Gold Coast Deerfield TIF fund. This TIF received bond proceeds of \$2,010,000 in December 2005 which are held in trust by Huntington National Bank and were not recorded by the Township on the annual financial report. The Township also failed to file an amended certificate with the County Auditor for the receipt of the bond proceeds. The financial activity within the bank accounts held by Huntington National Bank has been recorded to the Township's financial statements to accurately reflect the Township's financial operations. We recommend that the Township record all financial activity in their accounting system whether received directly by the Township or held in trust by a banking institution.

The Township misclassified various TIF funds as Capital Project Funds during 2004 and 2005. Per the above referenced Ohio Rev. Code section, TIF funds were reclassified as Special Revenue Funds on the Township's financial statements. Service payments received from the County Auditor should be recorded as "Payments in Lieu of Taxes" on the financial statements. Any payment made to local school districts per the school district reimbursement agreement should be recorded as "Payments to schools" on the financial statements. The Township's financial statements were corrected to accurately reflect the activity of all TIF funds during 2004 and 2005.

The Township failed to establish the FEMA fund during 2004 and did not accurately record expenditures in the FEMA fund once established during 2005. We recommend that the Township record FEMA funding received in a distinct, separate fund as required by Auditor of State Bulletins 98-013 and 99-005.

#### Officials' Response

We did not receive a response from Officials to this finding.

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**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	ORC 5705.41(D) Proper certification of expenditures	No	Not Corrected; Reissued as Finding No. 2005-001
2003-002	ORC 5705.39 Appropriations limited by Estimated Resources	Yes	
2003-003	ORC 5705.41(B) Expenditures limited by Appropriations	No	Not Corrected; Reissued as Finding No. 2005-002
2003-004	Monitoring of EMS third party billings	Yes	





**Mary Taylor, CPA**  
Auditor of State

**SYCAMORE TOWNSHIP**

**HAMILTON 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  
APRIL 5, 2007**