

SYCAMORE TOWNSHIP
WYANDOT COUNTY, OHIO

FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
Sycamore Township
P.O. Box 70
Sycamore, Ohio 44882

We have reviewed the *Independent Auditors' Report* of Sycamore Township, Wyandot County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2009 through December 31, 2010. 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. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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 Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State 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. Sycamore Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 6, 2011

This page intentionally left blank.

**Sycamore Township
Wyandot County, Ohio**

**For the Years Ended
December 31, 2010 and 2009**

Table of Contents

Independent Auditors' Report	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2010	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2009	4
Notes to the Financial Statements	5-11
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters, Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12-13
Schedule of Findings	14-18
Schedule of Prior Audit Findings	19-20

This page intentionally left blank.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

38 South Franklin Street

P. O. Box 352

Delaware, Ohio 43015-0352

Telephone: 740-362-9031

Fax: 740-363-7799

Independent Auditors' Report

Sycamore Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Sycamore Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. 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 that 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 of Ohio 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2010 and 2009 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, 2010 and 2009, or their 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 reserve for encumbrances of Sycamore Township, Wyandot County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 10, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

June 10, 2011

**Sycamore Township
Wyandot County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Local taxes	\$ 10,010	21,164	-	31,174
Intergovernmental	56,087	106,786	28,766	191,639
Charges for services	-	6,469	-	6,469
Earnings on investments	310	192	-	502
Other revenue	<u>1,082</u>	<u>-</u>	<u>-</u>	<u>1,082</u>
Total cash receipts	67,489	134,611	28,766	230,866
Cash disbursements:				
Current:				
General government	30,195	-	-	30,195
Public safety	-	8,991	-	8,991
Public works	-	116,211	28,766	144,977
Health	4,235	-	-	4,235
Capital outlay	<u>34,058</u>	<u>-</u>	<u>-</u>	<u>34,058</u>
Total cash disbursements	<u>68,488</u>	<u>125,202</u>	<u>28,766</u>	<u>222,456</u>
Total receipts over (under) disbursements	(999)	9,409	-	8,410
Fund cash balances, January 1	<u>53,208</u>	<u>123,181</u>	<u>-</u>	<u>176,389</u>
Fund cash balances, December 31	\$ <u>52,209</u>	<u>132,590</u>	<u>-</u>	<u>184,799</u>

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

**Sycamore Township
Wyandot County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Local taxes	\$ 9,650	26,066	35,716
Intergovernmental	19,032	98,630	117,662
Charges for services	-	6,769	6,769
Earnings on investments	506	254	760
Other revenue	<u>277</u>	<u>-</u>	<u>277</u>
Total cash receipts	29,465	131,719	161,184
Cash disbursements:			
Current:			
General government	64,521	-	64,521
Public safety	-	8,671	8,671
Public works	-	82,271	82,271
Health	<u>3,136</u>	<u>-</u>	<u>3,136</u>
Total cash disbursements	<u>67,657</u>	<u>90,942</u>	<u>158,599</u>
Total receipts over (under) disbursements	(38,192)	40,777	2,585
Fund cash balances, January 1	<u>91,400</u>	<u>82,404</u>	<u>173,804</u>
Fund cash balances, December 31	\$ <u>53,208</u>	<u>123,181</u>	<u>176,389</u>
Reserve for encumbrances	\$ <u>-</u>	<u>2,593</u>	<u>2,593</u>

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

**Sycamore Township
Wyandot County, Ohio
Notes to the Financial Statements
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies

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

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 prescribed or permitted by the Auditor of State of Ohio.

Cash

Cash included an interest bearing demand deposit account.

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 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 Township had the following significant Special Revenue Funds:

**Sycamore Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

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.

Road and Bridge Fund – This fund receives local real estate tax, 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.

Capital Projects Fund

This fund is used to account for the Ohio Public Works Commission share of specific road improvement projects (Issue 1).

Budgetary Process

The Ohio Revised Code (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 carried over, and need not be re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

Sycamore Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(1) Summary of Significant Accounting Policies, continued

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.

(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>2010</u>	<u>2009</u>
Demand deposits	\$ <u>184,799</u>	<u>176,389</u>

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

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

<u>2010 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 27,866	67,489	39,623
Special Revenue	114,016	134,611	20,595
Capital Projects	<u>-</u>	<u>28,766</u>	<u>28,766</u>
Total	\$ <u>141,882</u>	<u>230,866</u>	<u>88,984</u>

<u>2010 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 113,701	68,488	45,213
Special Revenue	204,569	125,202	79,367
Capital Projects	<u>-</u>	<u>28,766</u>	<u>(28,766)</u>
Total	\$ <u>318,270</u>	<u>222,456</u>	<u>95,814</u>

**Sycamore Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(3) Budgetary Activity, continued

<u>Fund Type</u>	<u>2009 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$ 32,000	29,465	(2,535)
Special Revenue	<u>118,194</u>	<u>131,719</u>	<u>13,525</u>
Total	\$ <u>150,194</u>	<u>161,184</u>	<u>10,990</u>

<u>Fund Type</u>	<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General	\$ 146,828	67,657	79,171
Special Revenue	<u>156,514</u>	<u>93,535</u>	<u>62,979</u>
Total	\$ <u>303,342</u>	<u>161,192</u>	<u>142,150</u>

(4) Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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.

Tangible personal property 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) Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the ORC.

**Sycamore Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(5) Retirement Systems, continued

Contribution rates are also prescribed by the ORC. For 2010 and 2009, OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

(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 the 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	\$ <u>26,101,322</u>	<u>27,755,922</u>

At December 31, 2009 and 2008, respectively, liabilities above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$12,000.

Sycamore Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(6) Risk Management, continued

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

2008	\$ 2,376
2009	2,191
2010	2,679

After completing one year of membership, members may withdraw on each anniversary of the date they joined 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.

(7) Commitments

The Township contracts with the Village of Sycamore for fire protection and emergency medical ambulance services pursuant to two-year contracts that commenced on January 1, 2010. Terms of the contract require annual payments totaling \$8,991 for 2011.

(8) Compliance

Contrary to Ohio law:

- Appropriations exceeded estimated resources in the General Fund by \$23,428 and \$32,627 in 2009 and 2010, respectively.
- In 2009, the Township did not obtain an amended Certificate of Estimated Resources to reflect a shortfall of anticipated revenue to the General Fund of \$2,534 and the Motor Vehicle License Tax Fund of \$1,069, which reduced available revenue in the funds below appropriations by the same amounts.
- The Township did not encumber funds prior to expenditure.
- The Township did not maintain adequate bond coverage for the Fiscal Officer. ORC Section 507.03 requires a bond of \$85,000 based on the budget of the Township. The bond coverage in effect was \$60,000.
- Material reclassifications to the financial statements were necessary in order for them to be fairly stated.

Sycamore Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(8) Compliance, continued

- In 2010, the Township did not record all Ohio Public Works Commission (OPWC) activity for a road project that occurred. In addition, there were no appropriations in the Capital Projects Fund; therefore the expenditures that OPWC made for this project exceeded appropriations.
- The Township has not adopted a public records policy as required by ORC Section 149.43.
- The Township has not adopted a personal information policy as required by ORC Chapter 1347.

(9) Subsequent Events

Subsequent events have been evaluated through June 10, 2011, which is the date the financial statements were available to be issued.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

38 South Franklin Street

P. O. Box 352

Delaware, Ohio 43015-0352

Telephone: 740-362-9031

Fax: 740-363-7799

**Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters,
Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Sycamore Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the financial statements of Sycamore Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 10, 2011, wherein we noted the Township followed accounting practices the Auditor of State of Ohio 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

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

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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected in a timely manner. We consider Findings 2010-01 and 2010-02 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or 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 2010-03 described in the accompanying Schedule of Findings to be a significant deficiency.

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 such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters we must report under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as Findings 2010-02 and 2010-04 through 2010-08.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated June 10, 2011.

The Township's response to the findings identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

June 10, 2011

**Sycamore Township
Wyandot County, Ohio
Schedule of Findings
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-01
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 both years, in various funds, fire and EMS contract expenditures were coded to General Government instead of Public Safety. Reclassifications totaled \$8,671 and \$8,991 for 2009 and 2010, respectively.
- In 2009 and 2010, in various funds, a total of \$7,352 and \$3,760 of TPP Replacement revenue and rollback/homestead revenue were reclassified from Local Taxes to Intergovernmental revenue.
- In 2009, a \$6,468 receipt for mowing county roads within the Township was reclassified from Intergovernmental to Charges for Services. In 2010, a \$6,468 receipt for mowing county roads within the Township was reclassified from Transfers In to Charges for Services.

These adjustments are reflected in the audited financial statements. 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.

Finding Number 2010-02
Noncompliance/
Material weakness

During the prior audit, a total of \$23,428 had been improperly expended from the Gasoline Tax Fund and should have been expended from the General Fund. A fund balance adjustment of \$25,774 was posted to the Uniform Accounting Network prior to the conclusion of the audit, but was later reversed. The reversing entry was for a total of \$34,974. As a result, the cash balance of the General Fund was overstated and the cash balance of the Gasoline Tax Fund was understated by \$32,627 for the entire audit period. Other than occasional estate tax settlements, General Fund revenue has been declining and is expected to continue to do so. In 2009, the Township did not receive an estate tax settlement and in that

**Sycamore Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-02 (continued)
Noncompliance/
Material weakness

year, General Fund spending exceeded revenues by \$38,192. Not maintaining correct cash balances by fund could allow the Township to unintentionally over spend a fund balance, and does not provide the Trustees with reliable information on which to base decisions.

Additionally, as a result of this error, appropriations exceeded estimated resources in the General Fund by \$23,428 and \$32,627 in 2009 and 2010, respectively, contrary to the provisions of Ohio Revised Code (ORC) Section 5705.39.

Response by Township

No response received.

Finding Number 2010-03
Noncompliance/
Significant deficiency

The Township participated in an Ohio Public Works Commission (OPWC) Project in 2010. As part of the project, OPWC makes payments directly to the contractors for its share of the costs. The Township is to record memorandum receipts and disbursements on its books for expenditures made on behalf of the Township. The Township did not record the OPWC activity in its records for this project.

Although there is no effect on the cash balance of the Township, not recording all of this activity causes Township revenues and expenses to be understated. Adjustments of \$28,766 have been made to the financial statements to reflect the entire activity.

In addition, no appropriations were adopted for the Capital Projects Fund related to expenditures made by OPWC on behalf of the Township for the project. In violation of ORC Section 5705.41(B), expenditures exceeded appropriations by \$28,766 in the Capital Projects Fund for 2010.

Response by Township

No response received.

**Sycamore Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-04
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 eleven of the forty-five disbursements tested for 2009 and 2010, and no Then and Now Certificates were prepared.

Response by Township

No response received.

Finding Number 2010-05
Noncompliance

ORC Section 5705.36 states:

- (1) That an increased amended certificate must be obtained from the 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 2009, appropriations exceeded available resources in the General Fund by \$2,534 and in the Motor Vehicle License Tax Fund by \$1,069. These deficits were 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. Additionally, the Township should have reduced the appropriations below the estimated resources.

Response by Township

No response received.

**Sycamore Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-06
Noncompliance

ORC Section 507.03 prescribes minimum bond requirements for the fiscal officer for terms beginning after November 5, 2005 based on the annual budget of the Township. The Township's budget according to the official Certificate of Estimated Resources was \$323,997 and \$318,270 for 2009 and 2010, respectively, which would require a minimum bond of \$85,000 for the Fiscal Officer. The Fiscal Officer's bond coverage in effect was \$60,000.

Response by Township

No response received.

Finding Number 2010-07
Noncompliance

Recent changes to ORC 149.43 require that public offices update public records policies. Specifically, by September 29, 2007, all public offices were required to adopt a public records policy that described how the public office will be responding to public records requests. The ORC section also details three specific items that may not be included in the public records policy. Once adopted, the public office is required to post the policy via a poster in certain locations and include it in the entity's employee manual. The Township has not adopted the required public records policy.

Response by Township

No response received.

**Sycamore Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-08
Noncompliance

In April 2009, ORC Chapter 1347 was added to address the storage, use and distribution of personal information. This chapter requires that the Township adopt a written policy and appoint an individual to be responsible for a personal information system. The personal information system must protect personal information from unauthorized modification, destruction, use or disclosure. The Township has not adopted the required personal information policy.

Response by Township

No response received.

**Sycamore Township
Wyandot County, Ohio
Schedule of Prior Audit Findings
December 31, 2010 and 2009**

<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>
2008-01	Significant adjustments were necessary for financial statements to be fairly stated.	No	Repeated as Finding Number 2010-01.
2008-02	Appropriations exceeded estimated resources.	No	Repeated as Finding Number 2010-02.
2008-03	Recording Issue I activity	No	Repeated as Finding Number 2010-03.
2008-04	Funds were not always encumbered prior to expenditure.	No	Repeated as Finding Number 2010-04.
2008-05	Appropriations were not always entered correctly into Uniform Accounting Network	Yes	Finding no longer valid.
2008-06	Appropriations exceeded actual available resources	No	Repeated as Finding Number 2010-05.
2008-07	Fiscal officer bond not sufficient per ORC requirements	No	Repeated as Finding Number 2010-06.
2008-08	Township has not complied with public records policy requirement	No	Repeated as Finding Number 2010-07.
2008-09	Trustees salaries charged to other than General Fund without time logs	Yes	Finding no longer valid.

**Sycamore Township
Wyandot County, Ohio
Schedule of Prior Audit Findings (continued)
December 31, 2010 and 2009**

<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>
2008-10	Gasoline tax funds used in a manner contrary to purpose of fund.	Yes	Finding no longer valid.
2008-11	Credit card receipts for conference lodging were missing	Yes	Finding no longer valid.
2008-12	Competitive bidding was not used for road contracts in excess of \$45,000	Yes	Finding no longer valid.



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 20, 2011**