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Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
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121 E Main St  
St. Clairsville, OH 43950  
740.695.1569



Certified Public Accountants, A.C.

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY  
Single Audit**

**For the Year Ended December 31, 2014  
Regular Audit  
For the Year Ended December 31, 2013**

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Village Council  
Village of Sycamore  
PO Box 279  
Sycamore, OH 44882

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Sycamore 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 23, 2015

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VILLAGE OF SYCAMORE  
WYANDOT COUNTY

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## INDEPENDENT AUDITOR'S REPORT

September 4, 2015

Village of Sycamore  
Wyandot County  
PO Box 279  
Sycamore, OH 44882

To the Village Council:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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



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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

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

***Other Matters***

Our audit was conducted to opine on the financial statements taken as a whole. The Schedule of Expenditures of Federal Awards presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 56,082	\$ 16,743	\$ -	\$ 72,825
Municipal Income Tax	189,869	-	-	189,869
Intergovernmental	22,427	55,228	-	77,655
Charges for Services	3,135	139,248	27,417	169,800
Fines, Licenses and Permits	621	-	-	621
Earnings on Investments	548	534	45	1,127
Miscellaneous	4,409	9,180	-	13,589
<i>Total Cash Receipts</i>	<u>\$ 277,091</u>	<u>\$ 220,933</u>	<u>\$ 27,462</u>	<u>\$ 525,486</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	69,954	176,406	-	246,360
Leisure Time Activities	1,827	-	-	1,827
Community Environment	-	-	2,500	2,500
Transportation	-	85,121	-	85,121
General Government	34,993	-	-	34,993
Capital Outlay	-	25,075	-	25,075
Debt Service:				
Principal Retirement	-	3,614	13,898	17,512
Interest and Fiscal Charges	-	391	5,811	6,202
<i>Total Cash Disbursements</i>	<u>106,774</u>	<u>290,607</u>	<u>22,209</u>	<u>419,590</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>170,317</u>	<u>(69,674)</u>	<u>5,253</u>	<u>105,896</u>
<b>Other Financing Receipts (Disbursements)</b>				
Debt Proceeds	-	25,075	-	25,075
Transfers In	-	9,209	11,793	21,002
Transfers Out	(39,419)	-	-	(39,419)
Other Financing Uses	(524)	-	-	(524)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(39,943)</u>	<u>34,284</u>	<u>11,793</u>	<u>6,134</u>
<i>Net Change in Fund Cash Balances</i>	130,374	(35,390)	17,046	112,030
<i>Fund Cash Balances, January 1</i>	<u>152,418</u>	<u>471,860</u>	<u>20,121</u>	<u>644,399</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	436,470	37,167	473,637
Unassigned	282,792	-	-	282,792
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 282,792</b></u>	<u><b>\$ 436,470</b></u>	<u><b>\$ 37,167</b></u>	<u><b>\$ 756,429</b></u>

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,204,459
<i>Total Operating Cash Receipts</i>	1,204,459
<b>Operating Cash Disbursements</b>	
Personal Services	190,992
Employee Fringe Benefits	87,543
Contractual Services	652,704
Supplies and Materials	128,108
Other	4,689
<i>Total Operating Cash Disbursements</i>	1,064,036
<i>Operating Income</i>	140,423
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	1,151,679
Sale of Bonds	1,065,000
Debt Proceeds	583,099
Miscellaneous Receipts	2,398
Capital Outlay	(1,928,233)
Principal Retirement	(1,131,925)
Interest and Other Fiscal Charges	(49,362)
Other Financing Sources	73
<i>Total Non-Operating Receipts (Disbursements)</i>	(307,271)
<i>(Loss) before Transfers</i>	(166,848)
Transfers In	18,417
<i>Net Change in Fund Cash Balances</i>	(148,431)
<i>Fund Cash Balances, January 1</i>	846,034
<i>Fund Cash Balances, December 31</i>	\$ 697,603

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 62,799	\$ 21,214	\$ -	\$ 84,013
Municipal Income Tax	110,117	-	-	110,117
Intergovernmental	20,901	52,381	-	73,282
Charges for Services	3,450	105,555	19,666	128,671
Fines, Licenses and Permits	2,250	-	-	2,250
Earnings on Investments	561	534	-	1,095
Miscellaneous	29,800	3,528	-	33,328
<i>Total Cash Receipts</i>	<u>229,878</u>	<u>183,212</u>	<u>19,666</u>	<u>432,756</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	67,692	155,619	-	223,311
Public Health Services	2,038	-	-	2,038
Leisure Time Activities	2,000	-	-	2,000
Community Environment	-	-	1,599	1,599
Transportation	-	96,144	-	96,144
General Government	62,325	-	-	62,325
Capital Outlay	-	452	-	452
Debt Service:				
Principal Retirement	-	-	13,465	13,465
Interest and Fiscal Charges	-	-	6,245	6,245
<i>Total Cash Disbursements</i>	<u>134,055</u>	<u>252,215</u>	<u>21,309</u>	<u>407,579</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>95,823</u>	<u>(69,003)</u>	<u>(1,643)</u>	<u>25,177</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Fixed Assets	5,750	-	-	5,750
Transfers In	-	5,330	10,660	15,990
Transfers Out	(26,650)	-	-	(26,650)
Other Financing Uses	(900)	-	-	(900)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(21,800)</u>	<u>5,330</u>	<u>10,660</u>	<u>(5,810)</u>
<i>Net Change in Fund Cash Balances</i>	74,023	(63,673)	9,017	19,367
<i>Fund Cash Balances, January 1 (Restated - See Note 10)</i>	<u>78,395</u>	<u>535,533</u>	<u>11,104</u>	<u>625,032</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	471,860	20,121	491,981
Unassigned	152,418	-	-	152,418
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 152,418</b></u>	<u><b>\$ 471,860</b></u>	<u><b>\$ 20,121</b></u>	<u><b>\$ 644,399</b></u>

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,046,229
<i>Total Operating Cash Receipts</i>	1,046,229
<b>Operating Cash Disbursements</b>	
Personal Services	170,879
Employee Fringe Benefits	60,214
Contractual Services	523,853
Supplies and Materials	130,835
Other	5,487
<i>Total Operating Cash Disbursements</i>	891,268
<i>Operating Income</i>	154,961
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	311,468
Debt Proceeds	494,738
Miscellaneous Receipts	3,497
Sale of Fixed Assets	17,250
Capital Outlay	(420,933)
Principal Retirement	(283,738)
Interest and Other Fiscal Charges	(47,624)
Other Financing Sources	440
Other Financing Uses	(190,523)
<i>Total Non-Operating Receipts (Disbursements)</i>	(115,425)
<i>Income before Transfers</i>	39,536
Transfers In	10,660
<i>Net Change in Fund Cash Balances</i>	50,196
<i>Fund Cash Balances, January 1 (Restated - See Note 10)</i>	795,838
<i>Fund Cash Balances, December 31</i>	<b>\$ 846,034</b>

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**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 Village of Sycamore, Wyandot County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including water, sewer and electric utilities, swimming pool and park operations, police protection and emergency medical services.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Public Entities Pool of Ohio (PEP) is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Deposits and Investments**

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

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has the following significant Special Revenue Funds:

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

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

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Fund:

Storm Sewer Fund – This fund receives charges for services funding to construct storm sewer drains.

**4. Enterprise Funds**

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

Water Operating Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Electric Operating 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, function, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(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 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 cancelled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

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

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**F. Fund Balance (Continued)**

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. 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 DEPOSITS**

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

	2014	2013
Demand deposits	\$ 1,454,032	\$ 1,490,433
Total deposits	\$ 1,454,032	\$ 1,490,433

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



**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY**

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

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 302,500	\$ 277,091	\$ (25,409)
Special Revenue	266,491	255,217	(11,274)
Capital Projects	37,640	39,255	1,615
Enterprise	1,509,542	4,025,125	2,515,583
Total	\$ 2,116,173	\$ 4,596,688	\$ 2,480,515

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 229,923	\$ 146,717	\$ 83,206
Special Revenue	683,490	290,607	392,883
Capital Projects	57,761	22,209	35,552
Enterprise	4,215,614	4,173,556	42,058
Total	\$ 5,186,788	\$ 4,633,089	\$ 553,699

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 243,194	\$ 235,628	\$ (7,566)
Special Revenue	236,159	188,542	(47,617)
Capital Projects	10,800	30,326	19,526
Enterprise	1,354,474	1,884,282	529,808
Total	\$ 1,844,627	\$ 2,338,778	\$ 494,151

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 244,048	\$ 161,605	\$ 82,443
Special Revenue	649,731	252,215	397,516
Capital Projects	21,904	21,309	595
Enterprise	2,123,790	1,834,086	289,704
Total	\$ 3,039,473	\$ 2,269,215	\$ 770,258

Contrary to Ohio law, appropriations exceeded estimated resources in the Water Operating Fund in 2014.

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**4. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest</u>
2012 Sanitary Sewer System Revenue Bonds	\$ 1,310,000	2.00%
OWDA - 4043 Storm Sewer Improvements	117,447	4.66%
OPWC - CT65F Sycamore Storm Sewer Improvements	51,207	0.00%
Water Plant Line Loan	48,985	6.00%
2014 USDA Rural Development Loan	1,065,000	2.50%
Fire Truck Loan	21,515	2.50%
	<u>\$ 2,614,154</u>	

During 1994, through an agreement with the United States Department of Agriculture, the Village issued bonds for sanitary sewer system repairs. The bond was due in annual installments of varying amounts through 2034, bearing interest at 5.25%. During 2012, the Village refinanced these bonds in the amount of \$1,415,000. The bond issue is held by BNY Mellon. The debt is backed by the full faith and credit of the Village, and revenues from utilities are used to retire the debt. The Village makes required principal and interest payments on an annual basis.

The OWDA Loan #4043 relates to the Storm Sewer Improvement project in 2004. The loan will be repaid in semiannual installments of \$7,721, over 20 years. The OWDA Loan #5793 related to the WTP Upgrade Design project in 2011. This loan was repaid in 2013. The OWDA Loan #6493 related to the new water treatment plant in 2013 and was issued for \$1,072,279 at 1.05%. This loan was repaid in 2014.

The OPWC Loan #CT65F related to the Sycamore Storm Sewer Improvements project in 2006. The loan will be repaid in semiannual installments of \$2,134, over 20 years.

The Village entered into an agreement with First National Bank of Sycamore in 2008 for the Water Plant Line Loan. The loan will be repaid in monthly installments of \$645, over 14 years.

The USDA Rural Development Loan was obtained to retire OWDA Loan #6493 that was obtained as interim financing for the new water treatment plant project. The Village repaid the OWDA Loan in 2014. The USDA Loan will be repaid over 30 years. The Village has agreed to set utility rates sufficient to cover USDA Rural Development debt service requirements. The USDA Rural Development Loan includes a covenant requiring the Village to establish and fund a debt service reserve fund. The Village did not establish this fund as of December 31, 2014.

The Village entered into an agreement with First National Bank of Sycamore in 2014 for a Fire Truck Loan. The loan will be repaid in monthly installments of \$445 over 5 years.

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**4. DEBT (Continued)**

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

Year ending December 31:	Sewer Bonds	OWDA #4043	OPWC #CT65F
2015	\$ 100,173	\$ 15,442	\$ 4,267
2016	99,072	15,442	4,267
2017	97,973	15,442	4,267
2018	96,872	15,442	4,267
2019	100,305	15,442	4,267
2020-2024	499,305	69,488	21,336
2025-2029	495,205	-	8,536
2030-2032	347,650	-	-
Total	<u>\$ 1,836,555</u>	<u>\$ 146,698</u>	<u>\$ 51,207</u>

Year ending December 31:	Water Plant Line Loan	2014 USDA Bonds	Fire Truck Loan
2015	\$ 7,736	\$ 37,941	\$ 5,341
2016	7,736	50,817	5,341
2017	7,736	50,898	5,341
2018	7,736	50,860	5,341
2019	7,736	50,908	1,336
2020-2024	23,098	254,450	-
2025-2029	-	254,393	-
2030-2034	-	254,445	-
2035-2039	-	254,377	-
2040-2044	-	254,419	-
Total	<u>\$ 61,778</u>	<u>\$ 1,513,508</u>	<u>\$ 22,700</u>

**5. LOCAL INCOME TAXES**

The Village levies a municipal income tax of 1% 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 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. 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. 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.

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. PROPERTY TAX (Continued)**

Public utilities are also taxed on personal and real property located within the Village.

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

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers 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. OP&F participants who were full time police contributed 10% of their wages through June 30, 2013, 10.75% from July 1, 2013 through June 30, 2014, and 11.5% thereafter. The Village contributed 19.5% throughout 2013 and 2014. For 2014 and 2013, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village had paid all contributions required through December 31, 2014.

**8. RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP 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 PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	(12,760,194)	(12,363,257)
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Village's share of these unpaid claims collectible in future years is approximately \$26,000.

Based on discussions with PEP, the expected rates PEP 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 PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$ 41,729	\$ 39,761

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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.

**9. CONTINGENT LIABILITIES**

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**10. RESTATEMENT OF PRIOR PERIOD FUND BALANCES**

The Village voided checks issued in a prior year. As such, beginning fund cash balances were adjusted to reflect this action. The Village accounted for municipal income tax activity in a separate Special Revenue Fund instead of the General Fund. Also, the Village combined the remaining balances of the Drug Law Enforcement and Political Housing Special Revenue Funds with the General Fund. These adjustments had the following effect on previously reported fund cash balances:

	General Fund	Special Revenue Funds	Enterprise Funds
Fund Cash Balances, December 31, 2012	\$ 76,089	\$ 536,103	\$ 795,221
Restatement for Income Tax Fund	854	(854)	-
Restatement for Voided Checks	716	1,020	617
Restatement for Elimination of Funds	736	(736)	-
Restated Fund Cash Balances, December 31, 2012	<u>\$ 78,395</u>	<u>\$ 535,533</u>	<u>\$ 795,838</u>

**11. LONG TERM PURCHASE COMMITMENTS**

**A. American Municipal Power Generating Station Project**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 300 kilowatts of a total 771,281 kilowatts, giving the Village a 0.04 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$52,401. The Village received a credit of \$13,567 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$38,834. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. The Village will begin making payments to AMP in 2015. During 2014, the Village made no payments to AMP toward its net impaired cost estimate. The net impaired cost estimate at December 31, 2014 was \$39,219.

The Village intends to recover these costs and repay AMP over the next 5 years through a power cost adjustment.

VILLAGE OF SYCAMORE  
WYANDOT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Federal Grantor</u> Program or Cluster Title	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>		
<i>Direct Award:</i> Water and Waste Disposal Systems for Rural Communities	10.760	<u>\$1,833,087</u>
<b>Total U.S. Department of Agriculture</b>		<b><u>1,833,087</u></b>
<b>Total Federal Expenditures</b>		<b><u>\$1,833,087</u></b>

See Accompanying Notes to this Schedule.

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**Note A – Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports the Village's federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**Note B – Matching Requirements**

Certain federal programs require the Village to contribute non-federal funds (matching funds) to support the federally-funded programs. The Village has met all matching requirements. The Schedule does not include the expenditure of non-federal matching funds.





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

September 4, 2015

Village of Sycamore  
Wyandot County  
PO Box 279  
Sycamore, OH 44882

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Sycamore**, Wyandot County (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated September 4, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.



...*"bringing more to the table"*

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



### **Internal Control Over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-002 through 2014-004 described in the accompanying schedule of audit findings to be significant deficiencies.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2014-002 through 2014-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 4, 2015.

### **Purpose of this Report**

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

September 4, 2015

Village of Sycamore  
Wyandot County  
PO Box 279  
Sycamore, OH 44882

To the Village Council:

***Report on Compliance for the Major Federal Program***

We have audited the **Village of Sycamore's**, (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2014. The *Summary of Audit Results* in the accompanying schedule of audit findings identifies the Village's major federal program.

***Management's Responsibility***

The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.



***... "bringing more to the table"***

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll  
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**Opinion on the Major Federal Program**

In our opinion, the Village of Sycamore, Wyandot County, complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

**Report on Internal Control Over Compliance**

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<b>1. SUMMARY OF AUDIT RESULTS</b>
------------------------------------

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, unmodified under the regulatory basis
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Water and Waste Disposal Systems for Rural Communities – CFDA #10.760
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2014-001**

**Material Weakness**

**Posting Receipts and Disbursements**

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts and disbursements were not always posted correctly. The following posting errors were noted:

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
---

**FINDING NUMBER 2014-001 (Continued)**

**Posting of Receipts and Disbursements (Continued)**

- Municipal income tax activity was recorded in a Special Revenue Fund instead of the General Fund in 2014 and 2013;
- Municipal income tax receipts were recorded at net instead of gross of collection fees in 2014;
- Real estate tax settlements were recorded at net instead of gross of fees in the General and Fire Funds in 2014 and 2013;
- Homestead, rollback, CAT and tangible property reimbursement receipts were recorded as Property and Other Local Taxes instead of Intergovernmental in the General and Fire Funds in 2014 and 2013;
- Excise tax and cents per gallon receipts were not allocated properly between the Street Construction, Maintenance and Repair and State Highway Funds in 2014 and 2013;
- Motor vehicle license receipt was recorded in the Ambulance Fund instead of the Street Construction, Maintenance and Repair and State Highway Funds in 2014 and in the General Fund in 2013;
- Electricity utility deposit was recorded as Intergovernmental instead of Charges for Services in the Electric Operating Fund in 2014;
- Local government receipt was recorded in the Street Construction, Maintenance and Repair and State Highway Funds instead of the General Fund in 2013;
- Kilowatt hour tax receipts were transferred from the Electric Operating Fund to the Street Construction, Maintenance and Repair Fund in 2014 and the General and Street Construction, Maintenance and Repair Fund in 2013 instead of being recorded as receipts in the General Fund in 2014 and 2013;
- Sale of a backhoe was recorded as Miscellaneous in the General Fund and Charges for Services in the Water Operating, Sewer Operating and Electric Operating Funds instead of Sale of Fixed Assets in 2013;
- Donations, rent and reimbursements were recorded as Charges for Services instead of Miscellaneous in the General Fund in 2014 and 2013;
- OPWC grant funding was not booked properly in the Water Operating Fund in 2014 and 2013;
- USDA Rural Development loan proceeds were not booked properly in the Water Operating Fund in 2014;
- OWDA Loan 4043 payment was recorded as Community Environment instead of Principal Retirement in the Storm Sewer Fund in 2014;
- Water Plant Line Loan payments were recorded as Interest and Fiscal Charges instead of Principal Retirement in the Water Operating Fund in 2014 and 2013;
- 2012 Sewer Bond payments were recorded as Other Expenses instead of Principal Retirement and Interest and Fiscal Charges in the Water Operating Fund in 2014 and 2013;
- OWDA Loan 6493 proceeds and capitalized interest were not recorded properly in the Water Operating Fund in 2014 and 2013;
- Fire Truck Loan payments were recorded as Security of Persons and Property instead of Principal Retirement in the Fire Fund in 2014;
- Fire Truck Loan proceeds were recorded as Other Financing Sources instead of Debt Proceeds in the Fire Fund in 2014;
- OWDA Loan 5793 payments were recorded as Other Financing Uses and Interest and Fiscal Charges instead of Principal Retirement in the Water Operating Fund in 2013;
- USDA Rural Development grant funding used to repay OWDA loan balances was not recorded properly in the Water Operating Fund in 2013.

VILLAGE OF SYCAMORE  
WYANDOT COUNTY

SCHEDULE OF AUDIT FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

**FINDING NUMBER 2014-001 (Continued)**

**Posting of Receipts and Disbursements (Continued)**

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. The Village is in agreement with the adjustments and has posted them to its accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend the management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements.

We also recommend the Clerk-Treasurer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Officials' Response:** We did not receive a response from Officials to this finding.

**FINDING 2014-002**

**Significant Deficiency/Noncompliance**

**Ohio Revised Code Section 5705.09** requires, in part, each subdivision to establish bond reserve and sinking funds for the retirement of serial bonds, notes, or certificates of indebtedness. It further requires each subdivision to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

During our review of the ledgers and annual financial reports, we noted the Village did establish the Sanitary Sewer System Revenue Bond and Interest Reserve Fund and carried a balance of \$60,000 transferred from the proceeds of the bonds in 2014. However, the Village did not receipt monthly transfers of \$850 into the fund to meet the minimum reserve balance of \$97,000, per the bond agreement. The Village also did not establish the Sanitary Sewer System Revenue Bond and Interest Sinking Fund to receive monthly transfers of 1/12 of the principal due on the next principal payment date and 1/6 of the interest due on the next interest payment date. We also noted the Village did not establish the Water System Mortgage Revenue Bond and Interest Sinking Fund to repay its Series 2014 Water System Mortgage Revenue Bonds, per the bond agreement. Failing to establish proper funds could result in restricted monies being used for illegal purposes and increases the likelihood that errors could occur and remain undetected.

We recommend the Village establish all required funds and post money received only to funds consistent with the money's intended purpose. New funds established should be approved by Council by resolution and documented in the minutes.

**Officials' Response:** We did not receive a response from Officials to this finding.

VILLAGE OF SYCAMORE  
WYANDOT COUNTY

SCHEDULE OF AUDIT FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

**FINDING 2014-003**

**Significant Deficiency/Noncompliance**

**Ohio Revised Code Section 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

During 2014, appropriations exceeded estimated resources in the Water Operating Fund.

We recommend Council review estimated resources versus appropriations throughout the year. Also, Council should not approve appropriations greater than estimated resources. This could result in the Village spending more money than it receives and could potentially cause negative fund balances.

**Officials' Response:** We did not receive a response from Officials to this finding.

**FINDING 2014-004**

**Significant Deficiency/Noncompliance**

**Ohio Revised Code Section 5727.81(A)(3)** permits a municipal electric community to retain in its community general fund the kilowatt hour taxes collected from distribution customers served inside the city or village limits. The amount of the tax associated with inside customers must be allocated to the municipality's General Fund and municipality may retain the money in the General Fund.

The Village collected the tax in the Electric Operating Fund and did not credit the General Fund for the portion of tax due from customers inside the Village limits. Instead, the Village transferred the funds to the General and Street Construction, Maintenance and Repair Funds in 2013 and the Street Construction, Maintenance and Repair Fund in 2014. The accompanying financial statements have been adjusted to show the amounts as local taxes in the General Fund. We recommend the Clerk-Treasurer record the kilowatt hour tax revenue in the General Fund monthly. Village Council may pass legislation to transfer these funds to another fund if so desired.

**Officials' Response:** We did not receive a response from Officials to this finding.

**3. FINDINGS FOR FEDERAL AWARDS**

None



**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2012-01	Posting Receipts and Disbursements	No	Not Corrected; Repeated as Finding 2014-001
2012-02	Ohio Revised Code Section 149.351(A) – Inadequate Supporting Documentation	Yes	N/A
2012-03	Ohio Revised Code Section 5705.09 – Establishment of Funds	No	Partially Corrected; Repeated as Finding 2014-002
2012-04	Ohio Revised Code Section 5705.14, 5705.15 and 5705.16 – Improper Transfers	Yes	N/A
2012-05	Ohio Revised Code Section 5705.38 – Appropriations Measure	Yes	N/A
2012-06	Ohio Revised Code Section 5705.41(B) – Disbursements Exceeded Appropriations	Yes	N/A
2012-07	Ohio Revised Code Section 5705.41(D) – Disbursements not properly Encumbered	No	Partially Corrected; Repeated in Management Letter
2012-08	Income Taxes	Yes	N/A
2012-09	Payroll Controls	Yes	N/A

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# Dave Yost • Auditor of State

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  
JANUARY 5, 2016