



Dave Yost • Auditor of State

**SYCAMORE TOWNSHIP
HAMILTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Sycamore Township
Hamilton County
8540 Kenwood Road
Cincinnati, Ohio 45236

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Sycamore Township, Hamilton, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

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 Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1B of the financial statements, the Township 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.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and December 31, 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Sycamore Township, Hamilton as of December 31, 2017 and December 31, 2016, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

August 14, 2018

**SYCAMORE TOWNSHIP
HAMILTON 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, 2017**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | | |
| Property and Other Local Taxes | \$ 317,073 | \$ 4,752,822 | \$ - | \$ - | \$ 5,069,895 |
| JEDZ Collections | - | 5,631,911 | - | - | 5,631,911 |
| Charges for Services | 32,567 | 740,395 | - | - | 772,962 |
| Licenses, Permits, and Fees | 455,868 | - | - | - | 455,868 |
| Fines and Forfeitures | 15,061 | - | - | - | 15,061 |
| Payments in Lieu of Taxes | - | 13,039,397 | - | - | 13,039,397 |
| Intergovernmental | 417,676 | 576,818 | - | 109,016 | 1,103,510 |
| Special Assessments | - | - | - | 67,643 | 67,643 |
| Investment Income | 166,046 | 92,442 | - | - | 258,488 |
| Miscellaneous | 106,167 | 177,176 | 2,013 | - | 285,356 |
| | <u>1,510,458</u> | <u>25,010,961</u> | <u>2,013</u> | <u>176,659</u> | <u>26,700,091</u> |
| Total Cash Receipts | | | | | |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 1,267,600 | 206,154 | - | - | 1,473,754 |
| Public Safety | - | 6,664,105 | - | - | 6,664,105 |
| Public Works | 470,068 | 1,663,295 | - | 64,548 | 2,197,911 |
| Health | 44,267 | - | - | - | 44,267 |
| Conservation - Recreation | 217,856 | 21,431 | - | - | 239,287 |
| Economic Development | - | 45,000 | - | - | 45,000 |
| Other | - | 9,755 | - | - | 9,755 |
| Payments to Schools | - | 5,696,983 | - | - | 5,696,983 |
| Capital Outlay | 25,545 | 3,138,472 | - | 1,063,750 | 4,227,767 |
| Debt Service: | | | | | |
| Redemption of Principal | - | 1,616,000 | 245,300 | - | 1,861,300 |
| Interest and Other Fiscal Charges | - | 561,418 | 113,919 | 5,967 | 681,304 |
| | <u>2,025,336</u> | <u>19,622,613</u> | <u>359,219</u> | <u>1,134,265</u> | <u>23,141,433</u> |
| Total Cash Disbursements | | | | | |
| Total Receipts Over/(Under) Disbursements | <u>(514,878)</u> | <u>5,388,348</u> | <u>(357,206)</u> | <u>(957,606)</u> | <u>3,558,658</u> |
| Other Financing Receipts / (Disbursements): | | | | | |
| Proceeds From Note | - | - | - | 1,000,000 | 1,000,000 |
| Premium on Note | - | - | - | 6,890 | 6,890 |
| Transfers-In | 4,500,000 | 1,191,000 | 357,206 | - | 6,048,206 |
| Transfers-Out | (1,361,206) | (4,687,000) | - | - | (6,048,206) |
| | <u>3,138,794</u> | <u>(3,496,000)</u> | <u>357,206</u> | <u>1,006,890</u> | <u>1,006,890</u> |
| Total Other Financing Receipts / (Disbursements) | | | | | |
| Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements | 2,623,916 | 1,892,348 | - | 49,284 | 4,565,548 |
| Fund Cash Balances, January 1 | 308,094 | 28,243,230 | 232,797 | 2,081,239 | 30,865,360 |
| Fund Cash Balances, December 31: | | | | | |
| Restricted | - | 30,135,578 | 232,797 | 2,032,179 | 32,400,554 |
| Committed | - | - | - | 98,344 | 98,344 |
| Assigned | 356,644 | - | - | - | 356,644 |
| Unassigned | 2,575,366 | - | - | - | 2,575,366 |
| | <u>\$ 2,932,010</u> | <u>\$ 30,135,578</u> | <u>\$ 232,797</u> | <u>\$ 2,130,523</u> | <u>\$ 35,430,908</u> |
| Fund Cash Balances, December 31 | | | | | |

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

**SYCAMORE TOWNSHIP
HAMILTON 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, 2016**

| | <u>Governmental Fund Types</u> | | | | <u>Totals (Memorandum Only)</u> |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | | |
| Property and Other Local Taxes | \$ 308,978 | \$ 4,624,045 | \$ - | \$ - | \$ 4,933,023 |
| JEDZ Collections | - | 4,991,208 | - | - | 4,991,208 |
| Charges for Services | 18,396 | 729,246 | - | - | 747,642 |
| Licenses, Permits, and Fees | 552,053 | - | - | - | 552,053 |
| Fines and Forfeitures | 16,222 | - | - | - | 16,222 |
| Payments in Lieu of Taxes | - | 11,420,874 | - | - | 11,420,874 |
| Intergovernmental | 373,597 | 636,695 | - | - | 1,010,292 |
| Special Assessments | - | - | - | 26,872 | 26,872 |
| Investment Income | 63,592 | 83,861 | - | - | 147,453 |
| Miscellaneous | 151,567 | 74,763 | - | - | 226,330 |
| Total Cash Receipts | <u>1,484,405</u> | <u>22,560,692</u> | <u>-</u> | <u>26,872</u> | <u>24,071,969</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 1,393,338 | - | - | - | 1,393,338 |
| Public Safety | - | 5,801,711 | - | - | 5,801,711 |
| Public Works | 699,483 | 1,364,984 | - | 63,403 | 2,127,870 |
| Health | 42,597 | - | - | - | 42,597 |
| Conservation - Recreation | 179,300 | - | - | - | 179,300 |
| Economic Development | - | 500,000 | - | - | 500,000 |
| Other | - | 9,222 | - | - | 9,222 |
| Payments to Schools | - | 5,016,859 | - | - | 5,016,859 |
| Capital Outlay | - | 4,474,583 | - | - | 4,474,583 |
| Debt Service: | | | | | |
| Redemption of Principal | - | 1,486,000 | 239,316 | - | 1,725,316 |
| Interest and Other Fiscal Charges | - | 655,334 | 185,848 | - | 841,182 |
| Total Cash Disbursements | <u>2,314,718</u> | <u>19,308,693</u> | <u>425,164</u> | <u>63,403</u> | <u>22,111,978</u> |
| Total Receipts Over/(Under) Disbursements | <u>(830,313)</u> | <u>3,251,999</u> | <u>(425,164)</u> | <u>(36,531)</u> | <u>1,959,991</u> |
| Other Financing Receipts / (Disbursements): | | | | | |
| Payment to Refunded Debt Escrow Agent | - | (6,282,702) | (3,218,092) | - | (9,500,794) |
| Proceeds From Refunding Bonds | - | 5,910,000 | 2,900,000 | - | 8,810,000 |
| Premium on Refunding Bonds | - | 499,366 | 380,739 | - | 880,105 |
| Transfers-In | - | 951,718 | 362,516 | 15,000 | 1,329,234 |
| Transfers-Out | (380,634) | (948,600) | - | - | (1,329,234) |
| Total Other Financing Receipts / (Disbursements) | <u>(380,634)</u> | <u>129,782</u> | <u>425,163</u> | <u>15,000</u> | <u>189,311</u> |
| Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements | (1,210,947) | 3,381,781 | (1) | (21,531) | 2,149,302 |
| Fund Cash Balances, January 1 | 1,519,041 | 24,861,449 | 232,798 | 2,102,770 | 28,716,058 |
| Fund Cash Balances, December 31: | | | | | |
| Restricted | - | 28,243,230 | 232,797 | 1,982,895 | 30,458,922 |
| Committed | - | - | - | 98,344 | 98,344 |
| Assigned | 184,886 | - | - | - | 184,886 |
| Unassigned | 123,208 | - | - | - | 123,208 |
| Fund Cash Balances, December 31 | <u>\$ 308,094</u> | <u>\$ 28,243,230</u> | <u>\$ 232,797</u> | <u>\$ 2,081,239</u> | <u>\$ 30,865,360</u> |

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

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

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

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

B. 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 Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the 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 Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales.

The Township values its investments at market value. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

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

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

2. Special Revenue Funds

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

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

Fire Fund - This fund is used to account for monies received (from property tax receipts and charges for services) for providing fire and emergency services to Township residents.

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

JEDZ Funds - The Township has four JEDZ Funds which receive taxes levied on earnings sourced from within the JEDZ zones that are used to support public safety and economic development services provided within the JEDZ zones.

3. Debt Service Funds

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

Kemper Road Service Fund - This fund is required by a trust agreement to maintain a minimum debt service reserve balance.

Kemper Road Debt Retirement Fund - This fund is used to account for the debt service requirements of financed infrastructure improvements in the vicinity of the Kemper Road TIF.

General Obligation Debt Service Fund - This fund is used to account for the debt service requirements on the Township's general obligation debt.

4. Capital Project Funds

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

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

Sycamore Township Capital Project Fund - This fund is used to account for the construction of capital projects within the Township.

Road Improvement Bond Capital Project Fund - This fund is used to account for road improvements within the Township.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 and 2016 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Township 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

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

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

G. Property, Plant, and Equipment

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

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.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

2. Equity in Pooled Deposits and Investments

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

| | 2017 | 2016 |
|--|--------------|--------------|
| Demand Deposits | \$ 9,856,147 | \$ 6,178,070 |
| Certificates of Deposit | 6,232,173 | 5,708,421 |
| Total Deposits | 16,088,320 | 11,886,491 |
| U.S. Treasury Money Market Funds | 2,029,514 | 661,800 |
| U.S. Treasury Notes | 814,425 | 246,756 |
| Federal Home Loan Bank | 5,724,844 | 6,046,101 |
| Federal Home Loan Mortgage Corporation | 1,269,484 | 1,945,474 |
| Federal National Mortgage Association | 5,843,411 | 5,711,097 |
| Federal Farm Credit Bank | 1,204,922 | 1,934,188 |
| STAR Ohio | 2,455,988 | 2,433,453 |
| Total Investments | 19,342,588 | 18,978,869 |
| Total Deposits and Investments | \$35,430,908 | \$30,865,360 |

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

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

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

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2017 and 2016 was as follows:

| 2017 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|-----------------|----------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 5,282,000 | \$ 6,010,458 | \$ 728,458 |
| Special Revenue | 27,907,898 | 26,201,961 | (1,705,937) |
| Debt Service | 1,459,029 | 359,219 | (1,099,810) |
| Capital Projects | 1,050,701 | 1,183,549 | 132,848 |
| Total | \$ 35,699,628 | \$ 33,755,187 | \$ (1,944,441) |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|---------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 5,585,046 | \$ 3,743,186 | \$ 1,841,860 |
| Special Revenue | 36,762,288 | 28,692,776 | 8,069,512 |
| Debt Service | 560,955 | 359,219 | 201,736 |
| Capital Projects | 1,170,906 | 1,135,896 | 35,010 |
| Total | \$ 44,079,195 | \$ 33,931,077 | \$ 10,148,118 |

| 2016 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|-----------------|-----------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 4,448,317 | \$ 1,484,405 | \$ (2,963,912) |
| Special Revenue | 51,336,240 | 29,921,776 | (21,414,464) |
| Debt Service | 4,308,532 | 3,643,255 | (665,277) |
| Capital Projects | 2,166,285 | 41,872 | (2,124,413) |
| Total | \$ 62,259,374 | \$ 35,091,308 | \$ (27,168,066) |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 4,522,923 | \$ 2,880,238 | \$ 1,642,685 |
| Special Revenue | 32,823,231 | 31,190,563 | 1,632,668 |
| Debt Service | 3,643,256 | 3,643,256 | - |
| Capital Projects | 81,181 | 80,477 | 704 |
| Total | \$ 41,070,591 | \$ 37,794,534 | \$ 3,276,057 |

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

4. Property Tax

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

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

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

5. Debt

Debt outstanding at December 31, 2017 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|----------------------|----------------------|
| Kemper Gold Coast Tax Increment Bonds | \$ 1,085,000 | 6.00% |
| 2007 Kenwood G.O. Bonds | 655,000 | 3.50% - 4.00% |
| 2009 Ohio Public Works Commission Loan | 530,128 | 1.50% |
| 2010 Various Purpose G.O. Bonds | 1,625,000 | 3.00% - 4.625% |
| 2014 Various Purpose G.O. Bonds | 3,160,000 | 1.00% - 4.00% |
| 2016 Refunding G.O. Bonds | 8,705,000 | 2.00% - 4.00% |
| 2017 Road Improvement Note | 1,000,000 | 2.00% |
| Total | <u>\$ 16,760,128</u> | |

Debt outstanding at December 31, 2016 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|----------------------|----------------------|
| Kemper Gold Coast Tax Increment Bonds | \$ 1,200,000 | 6.00% |
| 2007 Sycamore Square G.O. Bonds | 170,000 | 4.25% |
| 2007 Kenwood G.O. Bonds | 1,285,000 | 3.50% - 4.00% |
| 2009 Various Purpose G.O. Bonds | 650,000 | 3.50% |
| 2009 Ohio Public Works Commission Loan | 596,428 | 1.50% |
| 2010 Various Purpose G.O. Bonds | 1,720,000 | 3.00% - 4.625% |
| 2014 Various Purpose G.O. Bonds | 3,240,000 | 1.00% - 4.00% |
| 2016 Refunding G.O. Bonds | 8,760,000 | 2.00% - 4.00% |
| Total | <u>\$ 17,621,428</u> | |

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

The Township issued series 2007 general obligation bonds on December 27, 2007 in the amount of \$6,070,000 for 11 years. The bonds were issued to finance public infrastructure improvements, specifically a long-term leasehold interest in a public parking garage for the Kenwood Towne

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

Center and the neighboring businesses in the Township. The bonds are collateralized by the Township's taxing authority.

The 2009 Ohio Public Works Commission Loan relates to infrastructure improvements to the Sturbridge subdivision in the amount of \$1,004,044. The loan amount will be repaid over 15 years.

The Township issued series 2010 general obligation bonds on December 22, 2010 in the amount of \$2,000,000 for 20 years. The bonds were used to finance various projects within the Township. The bonds are collateralized by the Township's taxing authority.

The Township issued series 2014 general obligation bonds on September 17, 2014 in the amount of \$3,250,000 for 30 years. The bonds were used to finance capital projects within the Township. The bonds are collateralized by the Township's taxing authority.

On June 22, 2016, the Township issued series 2016 Refunding G.O. Bonds of \$8,810,000 (par value) at varying coupon rates between 2.00% - 4.00% and an all-inclusive-true-interest-cost rate of 2.791% to advance refund previously issued bonds outstanding with a par value of \$8,860,000. The refunded bonds had varying coupon rates of 4.00% – 5.00%. The advance refunded bonds were scheduled to mature on various dates through December 1, 2037. \$5,905,000 of the refunded bonds are callable on December 1, 2017 and \$2,955,000 of the refunded bonds are callable on December 1, 2018.

The series 2016 Refunding G.O. Bonds were issued at a premium of \$880,105, and after paying issuance costs of \$189,310, the net proceeds were \$9,500,794. The net proceeds from the issuance of the bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are callable on December 1, 2017 and December 1, 2018. As a result of the refunding, the Township reduced its total debt service requirements by \$1,420,023, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,111,809.

The 2017 Road Improvement Note was issued on May 10, 2017 at 2.00% and is due on May 9, 2018. The note was issued to finance road improvements within the Township and is collateralized by the Township's taxing authority. The Township intends to refinance this note annually (along with retiring approximately \$250,000 of principal each year) until the note is fully retired.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

Amortization of debt at December 31, 2017, including interest, is scheduled as follows:

| Year ending December 31: | Kemper Gold | Kenwood Mall | OPWC Loan | 2010 Various |
|--------------------------------|---------------------------------|--------------------------------|-------------------|---|
| | Coast Tax Increment Bonds | General Obligation Bonds | | Purpose General Obligation Bonds |
| 2018 | \$ 190,100 | \$ 681,200 | \$ 74,998 | \$ 168,150 |
| 2019 | 192,600 | - | 74,998 | 164,900 |
| 2020 | 194,500 | - | 74,998 | 166,400 |
| 2021 | 195,800 | - | 74,998 | 167,463 |
| 2022 | 589,200 | - | 74,998 | 168,063 |
| 2023-2027 | - | - | 224,995 | 831,388 |
| 2028-2032 | - | - | - | 497,600 |
| 2033-2037 | - | - | - | - |
| 2038-2042 | - | - | - | - |
| 2043-2045 | - | - | - | - |
| Total | <u>\$ 1,362,200</u> | <u>\$ 681,200</u> | <u>\$ 599,986</u> | <u>\$ 2,163,964</u> |

| Year ending December 31: | 2014 Various | 2016 General | 2017 Road | Total |
|--------------------------------|---|----------------------------------|---------------------|---------------------|
| | Purpose General Obligation Bonds | Obligation Refunding Bonds | Improvement Note | |
| 2018 | \$ 190,850 | \$ 1,174,900 | \$ 1,019,944 | \$ 3,500,142 |
| 2019 | 189,650 | 681,100 | - | 1,303,248 |
| 2020 | 193,450 | 680,700 | - | 1,310,048 |
| 2021 | 191,750 | 689,700 | - | 1,319,711 |
| 2022 | 190,050 | 692,700 | - | 1,715,011 |
| 2023-2027 | 963,025 | 3,439,100 | - | 5,458,508 |
| 2028-2032 | 961,625 | 2,334,700 | - | 3,793,925 |
| 2033-2037 | 954,425 | 2,055,000 | - | 3,009,425 |
| 2038-2042 | 959,925 | - | - | 959,925 |
| 2043-2045 | 191,938 | - | - | 191,938 |
| Total | <u>\$ 4,986,688</u> | <u>\$11,747,900</u> | <u>\$ 1,019,944</u> | <u>\$22,561,882</u> |

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

Amortization of debt at December 31, 2016, including interest, is scheduled as follows:

| Year ending December 31: | Kemper Gold Coast Tax Increment Bonds | Sycamore Square General Obligation Bonds | Kenwood Mall General Obligation Bonds | 2009 Various Purpose General Obligation Bonds | OPWC Loan |
|-----------------------------|--|---|--|---|-------------------|
| | 2017 | \$ 187,000 | \$ 177,225 | \$ 680,612 | \$ 672,750 |
| 2018 | 190,100 | - | 681,200 | - | 74,998 |
| 2019 | 192,600 | - | - | - | 74,998 |
| 2020 | 194,500 | - | - | - | 74,998 |
| 2021 | 195,800 | - | - | - | 74,998 |
| 2022-2026 | 589,200 | - | - | - | 299,993 |
| 2027-2031 | - | - | - | - | - |
| 2032-2036 | - | - | - | - | - |
| 2037-2041 | - | - | - | - | - |
| 2042-2045 | - | - | - | - | - |
| Total | \$ 1,549,200 | \$ 177,225 | \$ 1,361,812 | \$ 672,750 | \$ 637,486 |

| Year ending December 31: | 2010 Various Purpose General Obligation Bonds | 2014 Various Purpose General Obligation Bonds | 2016 General Obligation Refunding Bonds | Total |
|-----------------------------|---|---|--|----------------------|
| | 2017 | \$ 166,000 | \$ 192,050 | \$ 386,000 |
| 2018 | 168,150 | 190,850 | 1,174,900 | 2,480,198 |
| 2019 | 164,900 | 189,650 | 681,100 | 1,303,248 |
| 2020 | 166,400 | 193,450 | 680,700 | 1,310,048 |
| 2021 | 167,463 | 191,750 | 689,700 | 1,319,711 |
| 2022-2026 | 832,288 | 956,750 | 3,444,700 | 6,122,931 |
| 2027-2031 | 664,763 | 968,825 | 2,611,300 | 4,244,888 |
| 2032-2036 | - | 950,625 | 2,053,000 | 3,003,625 |
| 2037-2041 | - | 959,163 | 412,500 | 1,371,663 |
| 2042-2045 | - | 385,625 | - | 385,625 |
| Total | \$ 2,329,963 | \$ 5,178,738 | \$ 12,133,900 | \$ 24,041,073 |

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

6. Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's employees, other than certified full-time fire fighters, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS *Local* members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries while OPERS *Public Safety* members contributed 12% of their gross salaries and the Township contributed an amount equaling 18.10% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

The Township's certified full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. The Township's certified full-time fire fighters contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of certified full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2017.

7. Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS allocated 2 percent and 1 percent of the employer contribution for members in the Traditional Plan to fund these benefits in 2017 and 2016, respectively, and OP&F allocated 0.5 percent of employer contributions to fund these benefits.

8. Risk Management – Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

During 2017 and 2016, there were no significant changes in coverage nor were there any losses that exceeded insurance coverage limits.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

9. Interfund Activity

During the normal course of operations, the Township has numerous transfers between funds.

Transfer activity for 2016 is summarized as follows:

| | 2016 | |
|--|-----------------|------------------|
| | Transfers In | Transfers Out |
| General Fund | \$ - | \$ 380,634 |
| Road and Bridge Special Revenue Fund | 525,000 | - |
| Permissive Motor Vehicle License Tax Fund | 50,000 | - |
| Lighting Assessment Fund | 15,000 | - |
| Police Fund | 185,000 | - |
| Kemper Deerfield Special Revenue Fund | 188,600 | - |
| Kemper Gold Coast Special Revenue Fund | - | 188,600 |
| General Obligation Debt Service Fund | 362,516 | - |
| Kenwood Towne Place TIF Special Revenue Fund | 21 | - |
| Tri-Health TIF Special Revenue Fund | 3,097 | - |
| Central JEDZ Fund | - | 190,000 |
| East JEDZ Fund | - | 190,000 |
| Southwest JEDZ Fund | - | 190,000 |
| Northwest JEDZ Fund | - | 190,000 |
| | \$ 1,329,234 | \$ 1,329,234 |

The General fund transferred out \$362,516 to the General Obligation Debt Service Fund to make required debt service payments, \$21 to the Kenwood Towne Place TIF Special Revenue Fund, \$3,097 to the Tri-Health TIF Special Revenue Fund, and \$15,000 to the Lighting Assessment Fund to provide funds for operating expenses.

The Kemper Gold Coast Special Revenue Fund transferred out \$188,600 to the Kemper Deerfield Special Revenue Fund to make required debt service payments.

The Central JEDZ Fund, East JEDZ Fund, Southwest JEDZ Fund and Northwest JEDZ Fund each transferred \$131,250 to the Road and Bridge Special Revenue Fund, \$12,500 to the Permissive Motor Vehicle License Tax Fund and \$46,250 to the Police Fund. These transfers were made to reimburse the funds for disbursements previously made that benefited the respective JEDZ Fund and corresponding Development Zone.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

Transfer activity for 2017 is summarized as follows:

| | 2017 | |
|---|---------------------|---------------------|
| | Transfers In | Transfers Out |
| General Fund | \$ 4,500,000 | \$ 1,361,206 |
| Road and Bridge Special Revenue Fund | 254,000 | - |
| Permissive Motor Vehicle License Tax Fund | 100,000 | - |
| Police Fund | 650,000 | - |
| Kemper Deerfield Special Revenue Fund | 187,000 | - |
| Kemper Gold Coast Special Revenue Fund | - | 187,000 |
| General Obligation Debt Service Fund | 357,206 | - |
| Central JEDZ Fund | - | 1,600,000 |
| East JEDZ Fund | - | 1,700,000 |
| Southwest JEDZ Fund | - | 700,000 |
| Northwest JEDZ Fund | - | 500,000 |
| | <u>\$ 6,048,206</u> | <u>\$ 6,048,206</u> |

The General fund transferred out \$357,206 to the General Obligation Debt Service Fund to make required debt service payments, \$254,000 to the Road and Bridge Special Revenue Fund, \$100,000 to the Permissive Motor Vehicle License Tax Fund, and \$650,000 to the Police Fund to provide funds for operating expenses.

The Kemper Gold Coast Special Revenue Fund transferred out \$187,000 to the Kemper Deerfield Special Revenue Fund to make required debt service payments.

The Central JEDZ Fund, East JEDZ Fund, Southwest JEDZ Fund and Northwest JEDZ Fund transferred \$1,600,000, \$1,700,000, \$700,000 and \$500,000 to the General Fund, respectively. These transfers were made to reimburse the General Fund for disbursements previously made that benefited the respective JEDZ Fund and corresponding Development Zone.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

10. Joint Economic Development Zones

The Township participates with the following three entities in four Joint Economic Development Zones (JEDZs):

- City of Deer Park (Kenwood Northwest Zone)
- City of Madeira (Kenwood Central Zone and Kenwood East Zone)
- Village of Amberley (Kenwood Southwest Zone)

The JEDZs are located in four separate sections of the Township.

The purpose of the JEDZs is to facilitate the development of jobs and employment opportunities along with improving the welfare of people in the State of Ohio and the area of the participating parties. Each JEDZ creates a Board of Directors which consists of three members appointed by the Township and three members appointed by the other entity participating in the JEDZ. The Township selects the Chairperson of the Board.

The proceeds of the JEDZs (a three-quarters of one percent earnings tax levied on the wages earned in the Zones) are used to pay a portion of the costs associated with maintaining Township infrastructure and the provision of public services such as police and fire protection as well as to provide for improvements that benefit the Township as a whole.

The contracts between the Township and participating entities allocate the earnings tax in the following manner:

- Sycamore Township receives 90% of the net earnings tax revenues collected.
- The respective participating entity receives 10% of the net earnings tax revenues collected.

The respective participating entity administers and collects earnings tax for the JEDZ and reports quarterly to the Township.

The JEDZs became effective on October 1, 2013 and the Township began receiving distributions of earnings taxes from the participating entities in 2014.

11. Community Improvement Corporation

In 2013, the Sycamore Township Board of Trustees created the Sycamore Township Community Improvement Corporation (CIC) to promote economic, commercial and civic development within the Township. The CIC Board is comprised of three Board members appointed by the Sycamore Township Board of Trustees.

The CIC is a legally-separate entity from the Township and issues stand-alone financial statements that are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. Those financial statements can be obtained by contacting the Executive Director of the Sycamore Township Community Improvement Corporation at 8540 Kenwood Road, Cincinnati, Ohio 45236.

During 2017 and 2016, the Township made contributions to the CIC totaling \$45,000 and \$500,000, respectively. The contributions have been reported in the Township's financial statements as economic development cash disbursements.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

12. Fund Balance

Fund balance is classified based on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. Fund balance was classified as follows at December 31:

| | 2016 | | | | Total |
|----------------------------|-------------------|----------------------|-------------------|---------------------|----------------------|
| | General | Special Revenue | Debt Service | Capital Projects | |
| Fund Balances | | | | | |
| Restricted | | | | | |
| Roads and Bridges | \$ - | \$ 308,848 | \$ - | \$ - | \$ 308,848 |
| Street Lighting | - | - | - | 11,610 | 11,610 |
| Public Safety | - | 736,711 | - | - | 736,711 |
| Purposes of TIF Agreement | - | 19,684,126 | - | - | 19,684,126 |
| Capital Projects | - | - | - | 1,971,285 | 1,971,285 |
| Debt Service | - | - | 232,797 | - | 232,797 |
| Economic Development | - | 7,513,545 | - | - | 7,513,545 |
| Total Restricted | - | 28,243,230 | 232,797 | 1,982,895 | 30,458,922 |
| Committed | | | | | |
| Conservation-Recreation | - | - | - | 98,344 | 98,344 |
| Assigned | | | | | |
| Purchase Commitments | 184,886 | - | - | - | 184,886 |
| Unassigned (Deficit) | 123,208 | - | - | - | 123,208 |
| Total Fund Balances | \$ 308,094 | \$ 28,243,230 | \$ 232,797 | \$ 2,081,239 | \$ 30,865,360 |

| | 2017 | | | | Total |
|----------------------------|---------------------|----------------------|-------------------|---------------------|----------------------|
| | General | Special Revenue | Debt Service | Capital Projects | |
| Fund Balances | | | | | |
| Restricted | | | | | |
| Roads and Bridges | \$ - | \$ 304,674 | \$ - | \$ - | \$ 304,674 |
| Street Lighting | - | - | - | 14,705 | 14,705 |
| Public Safety | - | 709,386 | - | - | 709,386 |
| Purposes of TIF Agreement | - | 22,506,789 | - | - | 22,506,789 |
| Capital Projects | - | - | - | 2,017,474 | 2,017,474 |
| Debt Service | - | - | 232,797 | - | 232,797 |
| Economic Development | - | 6,614,729 | - | - | 6,614,729 |
| Total Restricted | - | 30,135,578 | 232,797 | 2,032,179 | 32,400,554 |
| Committed | | | | | |
| Conservation-Recreation | - | - | - | 98,344 | 98,344 |
| Assigned | | | | | |
| Purchase Commitments | 356,644 | - | - | - | 356,644 |
| Unassigned (Deficit) | 2,575,366 | - | - | - | 2,575,366 |
| Total Fund Balances | \$ 2,932,010 | \$ 30,135,578 | \$ 232,797 | \$ 2,130,523 | \$ 35,430,908 |

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

13. Compliance

Contrary to Ohio law, the Township did not record the appropriations to the accounting system for the federal on-behalf grant the Township received.



Dave Yost • Auditor of State

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

Sycamore Township
Hamilton County
8540 Kenwood Road
Cincinnati, Ohio 45236

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Sycamore Township, Hamilton County, (the Township) as of and for the year ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 14, 2018 wherein we noted the Township 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 Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the 's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

Township's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

August 14, 2018

**SYCAMORE TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Noncompliance/Material Weakness

On-Behalf Payments

The Township was approved for an Ohio Department of Transportation (ODOT) construction project called the Hamilton Sycamore Township Interconnect on February 2, 2016. During fiscal year 2017, the ODOT paid the Federal share of the construction costs directly to the contractor as an on-behalf payment for the Township. The Township received \$109,016 in on-behalf payments from ODOT but did not report the Federal share on-behalf payments on their financial statements as both receipts and disbursements. Failure to report the on-behalf portion of the project paid resulted in the Township understating receipts as well as the amount of construction costs they incurred. The Township did not record and budget for this money in the accounting system.

Ohio Rev. Code § 5705.42 does not require formal appropriation by the legislative body for Federal and State grants and loans received. However, Ohio Rev. Code § 5705.42 directs the Township to record the appropriation amount in the accounting system and the budgetary statements or footnotes. The Township should also include the appropriated amounts on the (amended) certificate to properly monitor budget versus actual activity. The Township did not record the appropriation amount for the on-behalf payments in the accounting system or in the footnotes.

The Township corrected the financial statements and related note disclosure. We recommend that future on-behalf projects the Township enters into be included as receipts and disbursements for financial statement presentations. Auditor of State Bulletin 2000-008 provides guidance for cash basis accounting for on-behalf payments for capital improvement projects.

Officials' Response:

The Township agrees with the finding and wishes to emphasize that although the Township was the applicant for grant, Hamilton County agreed to administer the project for the Township because at the time the project was scoped, the Township was not approved by ODOT to administer Local-Let LPA projects. Therefore, Hamilton County received the grant awards for the project and disbursed them directly to the contractor under the project. Moving forward, the Township will account for all on-behalf payments as recommended.

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Dave Yost • Auditor of State

SYCAMORE TOWNSHIP

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST, 28 2018**