

**VILLAGE OF SYCAMORE
WYANDOT COUNTY
Regular Audit
For the Years Ended December 31, 2012 and 2011**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Sycamore, Wyandot County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 through December 31, 2012. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

November 13, 2013

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VILLAGE OF SYCAMORE
WYANDOT COUNTY

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INDEPENDENT AUDITOR'S REPORT

August 9, 2013

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, Ohio (the Village) as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair 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.

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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Basis for Qualified Opinion

EMS receipts are reported at \$63,741 for the year ended December 31, 2011, which are 23 percent of Special Revenue Fund receipts for the year ended December 31, 2011. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as EMS receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, 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, 2012 and 2011, 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 permits, described in Note 1B.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011, the Village of Sycamore, Wyandot County, Ohio adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Village of Sycamore
Wyandot County
Independent Auditor's Report
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2013, 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.

Respectfully Submitted,

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, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$ 41,203	\$ 18,983	\$ -	\$ 60,186
Municipal Income Tax	-	108,081	-	108,081
Intergovernmental	53,802	50,565	-	104,367
Special Assessments	1,583	-	-	1,583
Charges for Services	7,247	142,635	-	149,882
Fines, Licenses and Permits	2,226	-	-	2,226
Earnings on Investments	1,836	228	-	2,064
Miscellaneous	11,700	5,717	-	17,417
	<u>119,597</u>	<u>326,209</u>	<u>-</u>	<u>445,806</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	81,784	82,783	-	164,567
Public Health Services	2,380	-	-	2,380
Leisure Time Activities	12,507	-	-	12,507
Community Environment	-	-	978	978
Transportation	-	64,994	-	64,994
General Government	70,927	25,805	-	96,732
Debt Service:				
Principal Retirement	-	-	13,051	13,051
Interest and Fiscal Charges	-	-	6,658	6,658
	<u>167,598</u>	<u>173,582</u>	<u>20,687</u>	<u>361,867</u>
Total Cash Disbursements				
Excess of Receipts Over (Under) Disbursements	<u>(48,001)</u>	<u>152,627</u>	<u>(20,687)</u>	<u>83,939</u>
Other Financing Receipts (Disbursements):				
Transfers In	64,814	11,883	47,231	123,928
Transfers Out	-	(98,302)	(35,580)	(133,882)
Other Financing Uses	(986)	-	-	(986)
	<u>63,828</u>	<u>(86,419)</u>	<u>11,651</u>	<u>(10,940)</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	15,827	66,208	(9,036)	72,999
Fund Cash Balances, January 1	<u>60,262</u>	<u>469,895</u>	<u>20,140</u>	<u>550,297</u>
Fund Cash Balances, December 31				
Restricted	-	536,103	11,104	547,207
Unassigned	<u>76,089</u>	<u>-</u>	<u>-</u>	<u>76,089</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 76,089</u>	<u>\$ 536,103</u>	<u>\$ 11,104</u>	<u>\$ 623,296</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)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 1,054,436
Total Operating Cash Receipts	1,054,436
Operating Cash Disbursements:	
Personal Services	154,057
Employee Fringe Benefits	59,745
Contractual Services	508,550
Supplies and Materials	104,910
Other	7,057
Total Operating Cash Disbursements	834,319
Operating Income	220,117
Non-Operating Receipts (Disbursements)	
Intergovernmental	24,000
Sale of Bonds	1,415,000
Note Proceeds	186,706
Miscellaneous Receipts	3,225
Capital Outlay	(115,341)
Principal Retirement	(1,366,318)
Interest and Other Fiscal Charges	(94,474)
Other Financing Uses	(160,395)
Total Non-Operating Receipts (Disbursements)	(107,597)
Income before Special Item and Transfers	112,520
Special Item	48
Transfers In	35,580
Transfers Out	(25,626)
Net Change in Fund Cash Balances	122,522
Fund Cash Balances, January 1	672,699
<i>Fund Cash Balances, December 31</i>	\$ 795,221

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, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$ 35,270	\$ 16,165	\$ -	\$ 51,435
Municipal Income Tax	-	111,376	-	111,376
Intergovernmental	28,420	51,784	-	80,204
Special Assessment	2,818	-	-	2,818
Charges for Services	4,500	99,135	-	103,635
Fines, Licenses and Permits	99	-	-	99
Earnings on Investments	1,855	352	-	2,207
Miscellaneous	1,189	905	-	2,094
	<u>74,151</u>	<u>279,717</u>	<u>-</u>	<u>353,868</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	92,601	83,165	-	175,766
Public Health Services	1,799	-	-	1,799
Leisure Time Activities	4,024	-	-	4,024
Community Environment	-	-	129	129
Transportation	-	31,314	-	31,314
General Government	73,798	20,212	-	94,010
Debt Service:				
Principal Retirement	-	-	12,655	12,655
Interest and Fiscal Charges	-	-	7,054	7,054
	<u>172,222</u>	<u>134,691</u>	<u>19,838</u>	<u>326,751</u>
Total Cash Disbursements				
Excess of Receipts Over (Under) Disbursements	<u>(98,071)</u>	<u>145,026</u>	<u>(19,838)</u>	<u>27,117</u>
Other Financing Receipts (Disbursements):				
Transfers In	91,634	6,806	-	98,440
Transfers Out	-	(113,686)	-	(113,686)
Other Financing Uses	(26)	-	-	(26)
	<u>91,608</u>	<u>(106,880)</u>	<u>-</u>	<u>(15,272)</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	(6,463)	38,146	(19,838)	11,845
Fund Cash Balances, January 1	<u>66,725</u>	<u>431,749</u>	<u>39,978</u>	<u>538,452</u>
Fund Cash Balances, December 31				
Restricted	-	469,895	20,140	490,035
Unassigned	<u>60,262</u>	<u>-</u>	<u>-</u>	<u>60,262</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 60,262</u>	<u>\$ 469,895</u>	<u>\$ 20,140</u>	<u>\$ 550,297</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)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 1,057,779
Total Operating Cash Receipts	1,057,779
Operating Cash Disbursements:	
Personal Services	143,719
Employee Fringe Benefits	77,014
Contractual Services	519,156
Supplies and Materials	106,530
Other	7,701
Total Operating Cash Disbursements	854,120
Operating Income	203,659
Non-Operating Receipts (Disbursements)	
Intergovernmental	22,514
Note Proceeds	70,260
Miscellaneous Receipts	1,596
Capital Outlay	(95,023)
Principal Retirement	(33,381)
Interest and Other Fiscal Charges	(75,182)
Other Financing Uses	(2,300)
Total Non-Operating Receipts (Disbursements)	(111,516)
Income before Transfers	92,143
Transfers In	15,246
Net Change in Fund Cash Balances	107,389
Fund Cash Balances, January 1	565,310
<i>Fund Cash Balances, December 31</i>	\$ 672,699

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

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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'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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. 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.

2. Special Revenue Funds

These funds account for and report the proceeds from 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.

Income Tax Fund – This fund receives municipal income tax funds to cover the costs of refunds, supplies and materials, and personal services and to transfer proceeds to other funds as directed by the Village Council.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Ambulance Fund – This fund receives charges for services monies to provide emergency medical services for the Village.

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 loan 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:

Sewer 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 (except certain Agency Funds) 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. 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.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

In 2011, the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which had no effect on fund balances. 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.

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.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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:

	2012	2011
Demand deposits	\$ 1,418,517	\$ 1,222,996
Total deposits	\$ 1,418,517	\$ 1,222,996

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 185,601	\$ 184,411	\$ (1,190)
Special Revenue	315,684	338,092	22,408
Capital Projects	37,840	47,231	9,391
Enterprise	2,714,517	2,718,995	4,478
Total	\$ 3,253,642	\$ 3,288,729	\$ 35,087

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 187,747	\$ 168,584	\$ 19,163
Special Revenue	668,015	271,884	396,131
Capital Projects	37,840	56,267	(18,427)
Enterprise	3,083,100	2,596,473	486,627
Total	\$ 3,976,702	\$ 3,093,208	\$ 883,494

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 194,873	\$ 165,785	\$ (29,088)
Special Revenue	315,559	286,523	(29,036)
Capital Projects	14,400	-	(14,400)
Enterprise	1,102,000	1,167,395	65,395
Total	\$ 1,626,832	\$ 1,619,703	\$ (7,129)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 208,665	\$ 172,248	\$ 36,417
Special Revenue	554,648	248,377	306,271
Capital Projects	8,186	19,838	(11,652)
Enterprise	1,550,801	1,060,006	490,795
Total	\$ 2,322,300	\$ 1,500,469	\$ 821,831

Contrary to Ohio law, budgetary expenditures exceeded appropriations in the Sanitary Sewer Capital project Fund in 2012 and the Storm Sewer Capital Project Fund in 2011. Also contrary to Ohio law, expenditures were not always properly encumbered for the years ended December 31, 2012 and 2011.

4. DEBT

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest
2012 Sanitary Sewer System Revenue Bonds	\$ 1,415,000	2.00%
OWDA - 4043 Storm Sewer Improvements	136,276	4.66%
OWDA - 5793 WTP Upgrade Design	223,858	4.77%
OPWC - CT65F Sycamore Storm Sewer Improvements	59,741	0.00%
Water Plant Line Loan	58,007	6.00%
	\$ 1,892,882	

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. DEBT (Continued)

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 Fifth Third Securities, Inc. 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 relates to the WTP Upgrade Design project in 2011. This loan has not been fully disbursed as of December 31, 2012, and no amortization schedule is available for its repayment.

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 Village entered into an agreement with First National Bank of Sycamore in 2011 for the Railroad Water Line Loan in the amount of \$25,075 with an interest rate of 5.00%. The loan was repaid by the Village during 2012.

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

Year ending December 31:	Sewer Bonds	OWDA #4043	OPWC #CT65F	Water Plant Line Loan
2013	\$ 78,300	\$ 15,442	\$ 4,267	\$ 7,736
2014	82,300	15,442	4,267	7,736
2015	81,200	15,442	4,267	7,736
2016	80,100	15,442	4,267	7,736
2017	79,000	15,442	4,267	7,736
2018-2022	407,800	77,210	21,336	38,570
2023-2027	425,300	23,163	17,070	-
2028-2032	516,800	-	-	-
Total	<u>\$ 1,750,800</u>	<u>\$ 177,583</u>	<u>\$ 59,741</u>	<u>\$ 77,250</u>

An amortization schedule for OWDA Loan #5793 has not been presented, as all funds have not yet been disbursed as of December 31, 2012.

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.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

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.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

7. RETIREMENT SYSTEMS

The Village's full-time law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of police participant wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

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. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), 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, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. RISK MANAGEMENT (Continued)

Casualty and Property Coverage (Continued)

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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Net Position	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Village's share of these unpaid claims collectible in future years is approximately \$30,000.

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>2012</u>	<u>2011</u>
\$ 35,451	\$ 34,824

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.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

9. INTERFUND TRANSFERS

During 2012, the following interfund transfers were made:

	Transfers In	Transfers Out
General Fund	\$ 64,814	\$ -
Street Construction, Maintenance & Repair	11,883	-
Income Tax	-	(98,302)
Sanitary Sewer	-	(35,580)
Storm Sewer	47,231	-
Sewer Operating	35,580	-
Electric Operating	-	(25,626)
Total	\$ 159,508	\$ (159,508)

During 2011, the following interfund transfers were made:

	Transfers In	Transfers Out
General Fund	\$ 91,634	\$ -
Street Construction, Maintenance & Repair	6,806	-
Income Tax	-	(113,686)
Swimming Pool	15,246	-
Total	\$ 113,686	\$ (113,686)

In 2012, the Village transferred funds from the Income Tax Special Revenue Fund to the General, Street Construction, Maintenance, and Repair Special Revenue and Storm Sewer Capital Projects Funds per ordinance. In 2011, the Village transferred funds from the Income Tax Special Revenue Fund to the General, Street Construction, Maintenance, and Repair Special Revenue and Swimming Pool Enterprise Funds per ordinance. In 2012, the Village transferred funds from the Sanitary Sewer Capital Projects Fund to the Sewer Operating Enterprise Fund to move the fund balance and from the Electric Operating Enterprise Fund to the Storm Sewer Capital Projects Fund for debt payments, as approved by the County. Contrary to Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16, the Village completed a transfer between the Electric Operating Enterprise and General Funds in 2011 that was determined to be an unallowable transfer. An adjustment to remove the transfer was recorded on the Village's books. All other transfers were determined to be in compliance with Ohio Revised Code.

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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***

August 9, 2013

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 State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Sycamore**, Wyandot County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated August 9, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits and the Village adopted provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as EMS receipts in 2011.

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 opinions 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 material weaknesses.

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 findings 2012-01 and 2012-02 described in the accompanying schedule of audit findings to be material weaknesses.

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 2012-03 through 2012-09 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 2012-02 through 2012-07.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 9, 2013.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Village's responses 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 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.

Respectfully Submitted,



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

VILLAGE OF SYCAMORE
WYANDOT COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-01

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 Section 117-7-01.

Receipts and disbursements were not always posted correctly. For example:

- Prior period fund balance adjustment incorrectly recorded as an interfund transfer in 2011
- Income Tax Special Revenue Fund activity and fund balance reflected in the General Fund in 2011
- Sanitary Sewer and Storm Sewer Capital Projects Funds activity and fund balances reflected in the Enterprise Funds in 2011
- Donations, rental fees and insurance reimbursements recorded as Charges for Services instead of Miscellaneous in the General Fund in 2012
- County auditor special assessments recorded as Charges for Services instead of Special Assessments in the General Fund in 2012
- Fire contract revenue recorded as Intergovernmental and Miscellaneous instead of Charges for Services in the Fire and Ambulance Funds in 2012
- Loan payments recorded as Interest and Fiscal Charges instead of Principal Retirement and Interest and Fiscal Charges in the Water Operating Fund in 2011 and the Storm Sewer Fund in 2012
- Note proceeds not properly recorded in the Water Operating Fund in 2011 or 2012
- OWDA loan capitalized interest and disbursements not properly recognized in the Water Operating Fund in 2011 or 2012
- Bond payments recorded as Other instead of Principal Retirement and Interest and Fiscal Charges in the Sewer Operating Fund in 2011 and 2012
- Loan payments recorded as Capital Outlay and Supplies and Materials instead of Principal Retirement and Interest and Fiscal Charges in the Water Operating Fund in 2012
- Bond premiums and fees not properly recognized in the Sewer Operating Fund in 2012
- Bond refinancing recorded as Other Financing Sources instead of Sale of Bonds in the Sewer Operating and Sanitary Sewer System Revenue Bond and Interest Sinking Funds in 2012
- Loan payments recorded as Other Financing Uses instead of Principal Retirement in the Water Operating Fund in 2012

This resulted in many adjusting and reclassification entries being made to the Village's financial statements. The accompanying 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 that 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 Section 117-7-01 and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF SYCAMORE
WYANDOT COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-02

Noncompliance / Material Weakness

Ohio Rev. Code section 149.351(A) establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law.

The following documentation was not provided by the Village:

- EMS Receipts – No supporting documentation for EMS runs billed or accounts paid during 2011. The Village implemented a new computer system in 2012 and no longer had access to the older system at the time of the audit.
- Non-Payroll Disbursements – During our detail testing of transactions, 23% of tested transactions in 2012 and 27% of tested transactions in 2011 did not contain the appropriate supporting documentation. Through alternate procedures we were able to gain assurances that the disbursements were for proper purposes.

Inadequate supporting documentation eliminates a significant control point, obscures the audit trail and provides for the opportunity for errors and irregularities occurring and not being detected by management in a timely manner. In addition, lack of adequate supporting documentation could result in the Village making inappropriate disbursements for goods or services not actually received by the Village.

We recommend the Village retain access to its reports and files stored in software programs no longer in use. We also recommend that no payment be made from the Village that is not supported by an approved voucher package that would include an original receipt or invoice.

Management's Response – Prior EMS Billing Clerk retired in April 2012.

FINDING NUMBER 2012-03

Noncompliance / Significant Deficiency

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 not establish the Sanitary Sewer System Revenue Bond and Interest Reserve Fund to receive \$60,000 transferred from the proceeds of the bonds in 2012. Per the bond agreement, the fund is also to receive monthly transfers of \$850 until the minimum reserve of \$97,000 is accumulated within the fund. 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. 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.

VILLAGE OF SYCAMORE
WYANDOT COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-03 (Continued)

Ohio Revised Code Section 5705.09 (Continued)

Management's Response – The Sanitary Sewer Reserve in the Sewer Operating Fund is currently at \$60,000, which appears to be on track for the needed \$97,000. We will make \$850 in 2014 appropriations.

FINDING NUMBER 2012-04

Noncompliance / Significant Deficiency

Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 state in part that money may be transferred from the General Fund to any other fund of the subdivision by resolution of the taxing authority. Except in the case of transfers from the General Fund, transfers can be made only by resolution of the taxing authority passed with affirmative vote of two-thirds of the members and with the approval of the Tax Commissioner and the Court of Common Pleas.

In 2011, the Village transferred \$52,607 from the Electric Operating Fund to the General Fund, which should have been recorded as a fund balance adjustment from the prior period audit. The noted transfer was returned through an audit adjustment, the prior period fund balance adjustment was proposed and both are reflected in the accompanying financial statements.

We recommend the Village post all audit adjustments as fund balance adjustments and obtain court of common pleas approval for transfers from funds other than the General Fund.

Management's Response – The Village will work on this.

FINDING NUMBER 2012-05

Noncompliance / Significant Deficiency

Ohio Revised Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1. **Ohio Rev. Code Section 5705.38(C)** requires the following minimum level of budgetary control for "subdivisions" other than schools: "Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services."

The Village appropriated at fund level for all funds in 2011 and 2012. The Village adopted its 2011 annual appropriation resolution on February 22, 2011. However, the Village failed to file its 2011 annual appropriation resolution with the Wyandot County Auditor.

Failure to file appropriations timely or appropriate and monitor disbursements at the required legal level of control could lead to ineffective budgetary oversight of disbursements.

We recommend that the Village Council approve all annual appropriation measures and amendments as prescribed by Ohio Revised Code.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF SYCAMORE
WYANDOT COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-06

Noncompliance / Significant Deficiency

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in 2011 in the Storm Sewer Capital Projects Fund and in 2012 in the Sanitary Sewer Capital Projects Fund.

We recommend the Village Clerk-Treasurer modify appropriations with the Village Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Village Clerk-Treasurer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

Management's Response – The Clerk-Treasurer is working very hard on this.

FINDING NUMBER 2012-07

Noncompliance / Significant Deficiency

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the Clerk-Treasurer is attached thereto. The Clerk-Treasurer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's Clerk-Treasurer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. "Then and Now" certificate - If the Clerk-Treasurer can certify that both at the time that the contract or order was made ("then"), and at the time that the Clerk-Treasurer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Clerk-Treasurer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Clerk-Treasurers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

VILLAGE OF SYCAMORE
WYANDOT COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-07 (Continued)

Ohio Revised Code Section 5705.41(D) (Continued)

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Clerk-Treasurer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The certification of availability of unencumbered appropriations for expenditure was not obtained for 100% of disbursements tested during 2011 or 84% of disbursements tested during 2012.

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

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2012-08

Significant Deficiency

Income Taxes

The Village maintains a separate income tax journal through the Municipal Income Tax System to track amounts owed to the Village and payments made by the Village's residents, businesses and those employed within the Village.

During 2011 and 2012, the income tax journal was not properly maintained. The income tax journal was not updated in a timely fashion to show amounts paid. The Village did not make deposits of income tax revenue in a timely fashion throughout each year. Payments were stored in a locked filing cabinet in the Income Tax Administrator's office prior to deposit. Each deposit ticket listed the amounts paid that made up the total deposit, which allowed alternate audit procedures over income tax receipts to be performed.

By not maintaining the income tax journal, the Village cannot easily determine which taxpayers are current and which are delinquent with their payments. By not depositing income tax revenues in a timely manner, the Village does not have access to the funds and increases the chances for loss or theft of funds.

We recommend the Village update its income tax records and continue to maintain its journal to track payments. We also recommend the Village deposit income tax revenues no later than three business days following receipt.

Management's Response – The Village has gone with the Regional Income Tax Agency (RITA).

VILLAGE OF SYCAMORE
WYANDOT COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-09

Significant Deficiency

Payroll Controls

During our testing of payroll disbursements, we noted that 4% of timesheets tested in 2012 and 19% of timesheets tested in 2011 did not agree to the hours paid noted on the corresponding payment stubs. The hours documented on the timesheets exceeded the hours paid, indicating underpayment. Through a scan of all payroll disbursements, it did not appear that these errors were noted or corrected.

We recommend that the Village utilize another employee or Council member to recompute hours worked from the timesheets and compare the hours noted to the hours paid for accuracy. This approval should be indicated by the individual initialing the timesheet.

Management's Response – The Village has already implemented this to help with accuracy.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Financial Statement Reporting	No	Partially Corrected; Repeated as Finding 2012-01
2010-002	Ohio Revised Code Section 5705.41(D)	No	Not Corrected; Repeated as Finding 2012-07
2010-003	Ohio Revised Code Section 5705.36(A)(4)	Yes	
2010-004	Ohio Revised Code Section 5705.36	Yes	
2010-005	Ohio Revised Code Section 5705.39	Yes	
2010-006	Ohio Revised Code Section 5705.41(B)	No	Partially Corrected; Repeated as Finding 2012-06
2010-007	Ohio Revised Code Section 5705.40	Yes	
2010-008	Ohio Revised Code Section 5705.10	Yes	
2010-009	Ohio Revised Code Section 5705.38(C)	No	Not Corrected; Repeated as Finding 2012-05
2010-010	Ohio Revised Code Section 731.14	Yes	
2010-011	Ohio Revised Code Section 5705.36	Yes	
2010-012	Outstanding Checks	Yes	
2010-013	Income Taxes	No	Not Corrected; Repeated as Finding 2012-08

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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
NOVEMBER 26, 2013**