



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SYCAMORE TOWNSHIP
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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Sycamore Township
Hamilton County
8540 Kenwood Road
Cincinnati, OH 45236

To the Board of Trustees:

We have audited the accompanying financial statements of Sycamore Township, Hamilton County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2000, 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

July 31, 2000

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**SYCAMORE TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$257,203	\$2,679,192	\$3,730,933	\$6,667,328
Intergovernmental	2,302,566	490,127	414,236	3,206,929
Special Assessments			46,858	46,858
Licenses, Permits, and Fees	226,859			226,859
Fines, Forfeitures, and Penalties	30,562			30,562
Interest	314,134	12,853	881,704	1,208,691
Other Revenue	53,224	353,723		406,947
	<u>3,184,548</u>	<u>3,535,895</u>	<u>5,073,731</u>	<u>11,794,174</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	1,484,445			1,484,445
Public Safety	153,070	3,078,706		3,231,776
Public Works	336,684	556,328	23,462	916,474
Health	30,892			30,892
Conservation - Recreation	137,930			137,930
Debt Service:				
Redemption of Principal			181,393	181,393
Interest and Fiscal Charges			273,936	273,936
Capital Outlay	1,176,147	186,725	3,007,615	4,370,487
	<u>3,319,168</u>	<u>3,821,759</u>	<u>3,486,406</u>	<u>10,627,333</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(134,620)</u>	<u>(285,864)</u>	<u>1,587,325</u>	<u>1,166,841</u>
Fund Cash Balances, January 1	<u>6,093,403</u>	<u>755,302</u>	<u>15,841,827</u>	<u>22,690,532</u>
Fund Cash Balances, December 31	<u>\$5,958,783</u>	<u>\$469,438</u>	<u>\$17,429,152</u>	<u>\$23,857,373</u>
Reserve for Encumbrances, December 31	<u>\$620,947</u>	<u>\$110,989</u>	<u>\$0</u>	<u>\$731,936</u>

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

SYCAMORE TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$252,245	\$2,550,617	\$3,719,620	\$6,522,482
Intergovernmental	3,163,342	473,524	413,291	4,050,157
Special Assessments			53,922	53,922
Licenses, Permits, and Fees	140,692			140,692
Fines, Forfeitures, and Penalties	34,494			34,494
Interest	324,397	15,902	851,212	1,191,511
Other Revenue	105,279	348,159	3,154	456,592
Total Cash Receipts	<u>4,020,449</u>	<u>3,388,202</u>	<u>5,041,199</u>	<u>12,449,850</u>
Cash Disbursements:				
Current:				
General Government	1,134,298			1,134,298
Public Safety	8,451	3,177,257		3,185,708
Public Works	743,417	503,841	22,625	1,269,883
Health	31,121			31,121
Conservation - Recreation	126,354			126,354
Debt Service:				
Redemption of Principal			172,202	172,202
Interest and Fiscal Charges			284,856	284,856
Capital Outlay	293,383	174,022	3,105,918	3,573,323
Total Cash Disbursements	<u>2,337,024</u>	<u>3,855,120</u>	<u>3,585,601</u>	<u>9,777,745</u>
Total Receipts Over/(Under) Disbursements	<u>1,683,425</u>	<u>(466,918)</u>	<u>1,455,598</u>	<u>2,672,105</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		120,000		120,000
Transfers-Out	(120,000)			(120,000)
Total Other Financing Receipts/(Disbursements)	<u>(120,000)</u>	<u>120,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>1,563,425</u>	<u>(346,918)</u>	<u>1,455,598</u>	<u>2,672,105</u>
Fund Cash Balances, January 1	<u>4,529,978</u>	<u>1,102,220</u>	<u>14,386,229</u>	<u>20,018,427</u>
Fund Cash Balances, December 31	<u>\$6,093,403</u>	<u>\$755,302</u>	<u>\$15,841,827</u>	<u>\$22,690,532</u>
Reserve for Encumbrances, December 31	<u>\$299,725</u>	<u>\$198,237</u>	<u>\$0</u>	<u>\$497,962</u>

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

**SYCAMORE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sycamore Township, Hamilton County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, park operations (leisure time activities), fire protection and emergency medical services. The Township contracts with the Hamilton County Sheriff's department to provide police services and security of persons and property.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

U.S. Treasury Notes and Repurchase Agreements are valued at cost. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Mutual funds are recorded at share values reported by the mutual fund.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Police Fund - This fund receives police property taxes and pays the contract with Hamilton County for police services and other costs associated with security of persons.

SYCAMORE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire District Fund - This fund receives property taxes designated to this fund and moneys are spent providing fire and emergency medical services.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Kemper Road TIF Fund - This fund receives property taxes designated to this fund and moneys are used for improvements to Kemper Road.

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.

The Township did not encumber certain material commitments; however, a review was performed to determine the material amounts of encumbrances at year end which were not recorded. These material commitments have been added to the financial statements as Reserved for Encumbrances as of December 31, 1999 and 1998.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

SYCAMORE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 481,485	\$ 547,267
Total deposits	481,485	547,267
Repurchase Agreements	2,923,410	2,688,932
Mutual Funds	23,350	22,115
STAROhio	20,429,128	19,432,218
Total investments	23,375,888	22,143,265
Total deposits and investments	\$23,857,373	\$22,690,532

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAROhio and mutual funds are not evidenced by securities that exist in physical or book-entry form. During the year the Township invested in overnight repurchase agreements which were collateralized with U.S. Treasury obligations.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,700,658	\$ 3,184,548	\$483,890
Special Revenue	4,824,547	3,535,895	(1,288,652)
Capital Projects	5,171,211	5,073,731	(97,480)
Total	\$12,696,416	\$11,794,174	(\$902,242)

**SYCAMORE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,086,425	\$ 3,940,115	\$2,146,310
Special Revenue	4,508,237	3,932,748	575,489
Capital Projects	4,535,500	3,486,406	1,049,094
Total	\$15,130,162	\$11,359,269	\$3,770,893

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,183,253	\$ 4,020,449	\$1,837,196
Special Revenue	3,041,432	3,508,202	466,770
Capital Projects	5,171,211	5,041,199	(130,012)
Total	\$10,395,896	\$12,569,850	\$2,173,954

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,567,700	\$ 2,756,749	\$1,810,951
Special Revenue	4,147,710	4,053,357	94,353
Capital Projects	6,800,775	3,585,601	3,215,174
Total	\$15,516,185	\$10,395,707	\$5,120,478

4. PROPERTY TAX

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

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

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

**SYCAMORE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Kemper Road Tax Increment Bonds	\$4,407,509	7%
Gideon Road Special Assessment Bonds	25,000	6%
Total	\$4,432,509	

The Kemper Road Tax Increment Bonds were issued in 1996 in the amount of \$5,000,000 for 15 years. The bonds were issued to finance both the construction of sanitary and storm sewers along East Kemper Road and the widening and improvements of East Kemper and Conrey Roads. The bonds are collateralized solely by the Township's taxing authority.

In 1991, the Township issued 10 year, special assessment bonds to fund a road improvement project, Gideon Lane. These bonds are being repaid in semiannual installments. Final payment of the bonds is due on December 1, 2000.

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

Year ending <u>December 31:</u>	Tax Increment <u>Bond</u>	Special Assessment <u>Bond</u>
2000	\$ 430,877	\$26,850
2001	430,877	0
2002	430,877	0
2003	430,877	0
2004	430,877	0
Subsequent	4,739,647	0
Total	\$6,894,032	\$26,850

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 24.0% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**SYCAMORE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31 1999 AND 1998
(Continued)**

7. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management Plan (Plan). The Plan assumes the risk of loss up to the limits of the Township's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- General liability and casualty
- Wrongful Acts
- Law Enforcement
- Public official's liability
- Vehicles
- EDP equipment

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. RESTATEMENT OF FUND CASH BALANCE

For the year ended December 31, 1997, the Township failed to record an account on their books. The account is a revenue trust account used to hold funds for payment of bonds.

The restatement to the beginning fund balance is as follows:

	Previously Stated Balance at <u>December 31, 1997</u>	<u>Adjustment</u>	Restated Amount at <u>January 1, 1998</u>
Capital Projects Fund:	\$14,385,688	\$541	\$14,386,229



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OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Sycamore Township
Hamilton County
8540 Kenwood Road
Cincinnati, OH 45236

To the Board of Trustees:

We have audited the accompanying financial statements of Sycamore Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is describe in the accompany schedule of findings as item 1999-40431-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 31, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 31, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

July 31, 2000

**SYCAMORE TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30413-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.41 (D), prohibits a subdivision or taxing unit from making any contract or order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This Section also provides two “exceptions” to the above requirements:

- A. If no certificate is furnished as receipt of the fiscal officer’s certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without affirmation of the Village, if such expenditures is otherwise valid.

In 1999, the Township implemented an encumbrance system using purchase orders to certify the availability of funds for expenditure transactions. However, the Township failed to obtain the prior certification of the Treasurer for 40% of the expenditures tested during the audit period.

Failure to properly encumber expenditures and monitor appropriations can result in overspending funds and negative cash fund balances. The Township should obtain approved purchase orders, which contain the Treasurer’s certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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 24, 2000**