



**Auditor of State
Betty Montgomery**

VILLAGE OF SYCAMORE
WYANDOT COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Sycamore
Wyandot County
P.O. Box 279
Sycamore, Ohio 44882

To the Village Council:

We have audited the accompanying financial statements of the Village of Sycamore, Wyandot County, Ohio, (the Village) as of and for the years ended December 31, 2002, and December 31, 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Village 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2002, and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 9, effective January 1, 2001, the Village reclassified its income tax expendable trust fund to the special revenue fund type.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Village of Sycamore
Wyandot County
Independent Accountants' Report
Page 2

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

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BETTY MONTGOMERY
Auditor of State

June 13, 2003

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Taxes	\$53,107	\$29,943	\$0	\$83,050
Municipal Income Taxes	0	195,316	0	195,316
Other Local Taxes	95,026	0	0	95,026
Intergovernmental Receipts	23,851	22,654	0	46,505
Charges for Services	2,754	84,903	0	87,657
Fines, Licenses, and Permits	10,669	0	0	10,669
Earnings on Investments	3,298	11,062	0	14,360
Miscellaneous	6,044	11,718	0	17,762
	<u>194,749</u>	<u>355,596</u>	<u>0</u>	<u>550,345</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	133,679	38,307	0	171,986
Public Health Services	3,168	24,416	0	27,584
Leisure Time Activities	4,249	0	0	4,249
Community Environment	0	8,794	0	8,794
Transportation	0	97,053	0	97,053
General Government	69,111	19,722	0	88,833
Debt Service	0	7,224	0	7,224
	<u>210,207</u>	<u>195,516</u>	<u>0</u>	<u>405,723</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(15,458)</u>	<u>160,080</u>	<u>0</u>	<u>144,622</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	89,453	61,870	0	151,323
Transfers-Out	0	(161,016)	0	(161,016)
Other Financing Disbursements	0	(396)	0	(396)
	<u>89,453</u>	<u>(99,542)</u>	<u>0</u>	<u>(10,089)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	73,995	60,538	0	134,533
Fund Cash Balances, January 1, 2002	<u>119,054</u>	<u>378,281</u>	<u>35,579</u>	<u>532,914</u>
Fund Cash Balances, December 31, 2002	<u>\$193,049</u>	<u>\$438,819</u>	<u>\$35,579</u>	<u>\$667,447</u>

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

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$944,342
Total Operating Cash Receipts	944,342
Operating Cash Disbursements:	
Personal Services	138,726
Fringe Benefits	30,793
Contractual Services	534,641
Supplies and Materials	144,006
Other Disbursements	4,531
Capital Outlay	49,721
Total Operating Cash Disbursements	902,418
Operating Income	41,924
Non-Operating Cash Disbursements:	
Debt Service	135,784
Total Non-Operating Cash Disbursements	135,784
Excess of Cash Receipts (Under) Cash Disbursements Before Interfund Transfers	(93,860)
Transfers-In	9,693
Net Cash Receipts (Under) Cash Disbursements	(84,167)
Fund Cash Balances, January 1, 2002	471,813
Fund Cash Balances, December 31, 2002	\$387,646

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

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property Taxes	\$47,370	\$28,160	\$0	\$0	\$75,530
Municipal Income Taxes	0	202,832	0	0	202,832
Other Local Taxes	57,234	0	0	0	57,234
Intergovernmental Receipts	53,809	21,542	0	0	75,351
Charges for Services	2,574	71,395	0	0	73,969
Fines, Licenses, and Permits	13,798	0	0	0	13,798
Earnings on Investments	10,326	11,202	0	0	21,528
Miscellaneous	15,855	23,156	5,000	0	44,011
Total Cash Receipts	<u>200,966</u>	<u>358,287</u>	<u>5,000</u>	<u>0</u>	<u>564,253</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	104,419	44,416	0	0	148,835
Public Health Services	3,320	27,658	0	0	30,978
Leisure Time Activities	6,589	0	0	0	6,589
Community Environment	0	9,846	0	0	9,846
Transportation	0	31,884	0	0	31,884
General Government	100,656	20,219	0	0	120,875
Debt Service	0	10,000	25,665	0	35,665
Capital Outlay	20,689	0	0	0	20,689
Total Cash Disbursements	<u>235,673</u>	<u>144,023</u>	<u>25,665</u>	<u>0</u>	<u>405,361</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(34,707)</u>	<u>214,264</u>	<u>(20,665)</u>	<u>0</u>	<u>158,892</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	98,941	59,365	34,239	0	192,545
Transfers-Out	0	(178,094)	0	0	(178,094)
Other Financing Disbursements	0	(170,501)	0	0	(170,501)
Total Other Financing Receipts/(Disbursements)	<u>98,941</u>	<u>(289,230)</u>	<u>34,239</u>	<u>0</u>	<u>(156,050)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>64,234</u>	<u>(74,966)</u>	<u>13,574</u>	<u>0</u>	<u>2,842</u>
Fund Cash Balances, January 1, 2001 (Restated, see note 9)	<u>54,820</u>	<u>453,247</u>	<u>(13,574)</u>	<u>35,579</u>	<u>530,072</u>
Fund Cash Balances, December 31, 2001	<u><u>\$119,054</u></u>	<u><u>\$378,281</u></u>	<u><u>\$0</u></u>	<u><u>\$35,579</u></u>	<u><u>\$532,914</u></u>

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

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$959,841
Total Operating Cash Receipts	959,841
Operating Cash Disbursements:	
Personal Services	128,283
Fringe Benefits	31,900
Contractual Services	465,317
Supplies and Materials	177,575
Miscellaneous	7,382
Capital Outlay	16,436
Total Operating Cash Disbursements	826,893
Operating Income	132,948
Non-Operating Cash Disbursements:	
Debt Service	101,500
Total Non-Operating Cash Disbursements	101,500
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	31,448
Transfers-In	19,788
Transfers-Out	(34,239)
Net Cash Receipts Over Cash Disbursements	16,997
Fund Cash Balances, January 1, 2001	454,816
Fund Cash Balances, December 31, 2001	\$471,813

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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Sycamore, Wyandot County, Ohio, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water, electric, and sewer utilities, park operations (leisure time activities), and police, fire, and ambulance services.

The Village's management believes these financial statements present all activities for which the Village 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

Investments are 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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 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 Village had the following significant Special Revenue Funds:

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

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Local Income Tax Fund – This fund receives local income tax revenue which is allocated to the General Fund, the Street Construction Fund, the Storm Sewer Fund, and the Swimming Pool Fund to assist with the expenditures of these funds. The remaining portion of income tax revenue is used to cover the costs to collect this tax.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and loan indebtedness.

4. Capital Project Fund

This fund is used to account for receipts and expenditures related to the construction of a wastewater treatment plant for the Village.

5. Enterprise Funds

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

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end. Contrary to Ohio law, the Village appropriated in excess of estimated resources in 2001 in the electric fund, street fund, and debt service fund. In 2002, appropriations exceeded estimated resources in the electric fund.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2002 and 2001 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village 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:

	2002	2001
Deposits	\$746,947	\$702,049
Cash on hand	250	250
Total deposits and cash on hand	747,197	702,299
 STAR Ohio	 307,896	 302,428
Total deposits and investments	\$1,055,093	\$1,004,727

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

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

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$300,026	\$284,202	(\$15,824)
Special Revenue	390,130	417,466	27,336
Enterprise	920,475	954,035	33,560
Total	\$1,610,631	\$1,655,703	\$45,072

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$266,820	\$210,207	\$56,613
Special Revenue	768,410	356,928	411,482
Capital Projects	35,580	0	35,580
Enterprise	1,544,546	1,038,202	506,344
Total	\$2,615,356	\$1,605,337	\$1,010,019

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$273,234	\$299,907	\$26,673
Special Revenue	448,300	417,652	(30,648)
Debt Service	0	39,239	39,239
Capital Projects	145,133	0	(145,133)
Enterprise	1,048,266	979,629	(68,637)
Total	\$1,914,933	\$1,736,427	(\$178,506)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$321,931	\$235,673	\$86,258
Special Revenue	818,098	492,618	325,480
Debt Service	145,739	25,665	120,074
Enterprise	1,567,264	962,632	604,632
Total	\$2,853,032	\$1,716,588	\$1,136,444

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one percent 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 the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$14,485	10.16%
Ohio Water Development Authority Loan	21,391	9.99%
Water Plant & Line Loan	89,945	6.00%
Sanitary Sewer Bonds	1,547,600	5.25%
Total	\$1,673,421	

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments of \$5,488 and \$8,086 respectively, including interest, through 2004.

The Village obtained a \$100,000 loan from a local financial institution for water plant and line improvement projects. This loan will be repaid in monthly installments of \$645, including interest, through 2022.

The Farmers Home Administration Sanitary Sewer bonds relate to the construction of a wastewater treatment plant for the Village. The bonds will be repaid in annual installments of approximately \$100,850, including interest, through 2034.

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

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. DEBT (Continued)

Year ending December 31:	OWDA Loan (10.16%)	OWDA Loan (9.99%)	Water Plant & Line Loan	Sanitary Sewer Bonds
2003	\$10,976	\$16,173	\$7,736	\$100,849
2004	5,488	8,086	7,736	100,800
2005	0	0	7,736	100,838
2006	0	0	7,736	100,899
2007	0	0	7,736	100,897
2008 - 2012	0	0	38,680	504,341
2013 - 2017	0	0	38,680	504,239
2018 - 2022	0	0	38,680	504,461
2023 - 2027	0	0	0	504,407
2028 - 2034	0	0	0	706,064
Total	<u>\$16,464</u>	<u>\$24,259</u>	<u>\$154,720</u>	<u>\$3,227,795</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2002, and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

9. FUND RECLASSIFICATION

A fund reclassification is required for the Village's Income Tax Fund to properly reflect its intended purpose. The Income Tax Fund was previously included in the expendable trust fund type. This fund should be reported as part of the special revenue fund type. The effect of this fund reclassification on beginning fund cash balances reported as of January 1, 2001 is as follows:

	Special Revenue Fund	Expendable Trust Fund
Fund cash balances as previously reported	\$435,198	18,049
Fund reclassification	18,049	(18,049)
Restated fund cash balances at January 1, 2001	<u>\$453,247</u>	<u>\$0</u>

The reclassification had the following effect on the excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements as previously reported for the fiscal year ended December 31, 2000:

	Special Revenue Fund	Expendable Trust Fund
Excess as previously reported	\$245,441	2,784
Fund reclassification	2,784	(2,784)
Restated amount for the year ended 12/31/00	<u>\$248,225</u>	<u>\$0</u>

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**Auditor of State
Betty Montgomery**

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

Village of Sycamore
Wyandot County
P.O. Box 279
Sycamore, Ohio 44882

To the Village Council:

We have audited the accompanying financial statements of the Village of Sycamore, Wyandot County, Ohio, (the Village) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated June 13, 2003, wherein we noted that the Village reclassified its income tax fund from expendable trust to the special revenue fund type. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village'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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 13, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village'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 certain 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 Village in a separate letter dated June 13, 2003.

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Village of Sycamore
Wyandot County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

June 13, 2003

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2002-001
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Certification of Expenditures

Ohio Rev. Code Section 5705.41(D), states no contracts or orders involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the contract or order has been lawfully appropriated 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 requirement:

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Council, if such expenditure is otherwise valid. Effective April 7, 2003, legislation increased this amount to \$3,000.

Forty-five percent of the transactions tested were not certified by the Clerk/Treasurer at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all obligations receive certification of the Clerk/Treasurer that the funds are or will be available.

FINDING NUMBER	2002-002
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Appropriations Exceed Estimated Resources

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total amount of estimated revenue available for expenditure therefrom, as certified by the Budget Commission.

Appropriations exceeded total estimated resources in the following funds:

Date	Fund	Resources	Appropriations	Variance
12/31/2001	Street	\$123,417.00	\$147,705.00	(\$24,288.00)
12/31/2001	Debt Service	-	145,739	(145,739)
12/31/2001	Electric	1,059,927	1,117,161	(57,234)
12/31/2002	Electric	1,033,169	1,128,195	(95,026)

We recommend that the Village closely monitor its appropriations in respect to its estimated resources in order to ensure appropriations do not exceed total estimated resources in each fund.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30288-001	Revised Code 5705.36 - certification of estimated revenues	Yes	Fully corrected.
2000-30288-002	Revised Code 5705.41(D) - certification of expenditures	No	Finding has been repeated in the current audit report.
2000-30288-003	Administrative Code 117-05-11(C) - issuance of purchase orders	No	Finding no longer valid because issuance of purchase orders is no longer required under the Ohio Administrative Code.
2000-30288-004	Revised Code 5705.41(B) - expenditures exceed appropriations	Yes	Fully corrected.
2000-30288-005	Bank reconciliations	Yes	Fully corrected
2000-30288-006	Council monitoring	No	Partially corrected. Finding is being repeated in the current audit management letter.



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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
SEPTEMBER 9, 2003**