



**Auditor of State  
Betty Montgomery**



**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Sycamore Township  
Hamilton County  
8540 Kenwood Road  
Cincinnati, Ohio 45236-2010

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, 2003 and 2002. 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 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 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, 2003 and 2002, 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 November 8, 2004 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. 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.

This report is intended solely for the information and use of management, the Board 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 8, 2004

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$336,317	\$4,034,108	\$4,915,794	\$9,286,219
Intergovernmental	3,490,652	562,056	546,199	4,598,907
Special Assessments			40,222	40,222
Charges for Services		378,402		378,402
Licenses, Permits, and Fees	254,530			254,530
Fines, Forfeitures, and Penalties	29,823			29,823
Earnings on Investments	144,886	151	252,918	397,955
Other Revenue	278,171	48,349	57,992	384,512
<b>Total Cash Receipts</b>	<u>4,534,379</u>	<u>5,023,066</u>	<u>5,813,125</u>	<u>15,370,570</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	2,183,610			2,183,610
Public Safety	368,183	4,781,150	36,000	5,185,333
Public Works	374,020	595,225		969,245
Health	34,716			34,716
Conservation - Recreation	148,903			148,903
Miscellaneous	5,520			5,520
Debt Service:				
Redemption of Principal			204,051	204,051
Interest and Fiscal Charges			226,826	226,826
Capital Outlay	741,381	196,739	14,751,772	15,689,892
<b>Total Cash Disbursements</b>	<u>3,856,333</u>	<u>5,573,114</u>	<u>15,218,649</u>	<u>24,648,096</u>
Total Receipts Over/(Under) Disbursements	<u>678,046</u>	<u>(550,048)</u>	<u>(9,405,524)</u>	<u>(9,277,526)</u>
Fund Cash Balances, January 1	<u>2,677,109</u>	<u>1,458,542</u>	<u>24,303,279</u>	<u>28,438,930</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$3,355,155</b></u>	<u><b>\$908,494</b></u>	<u><b>\$14,897,755</b></u>	<u><b>\$19,161,404</b></u>
Reserve for Encumbrances, December 31	<u>\$516,195</u>	<u>\$95,498</u>	<u>\$4,633</u>	<u>\$616,326</u>

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

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$264,087	\$3,964,224	\$4,488,652	\$8,716,963
Intergovernmental	2,906,201	550,677	495,107	3,951,985
Special Assessments			36,972	36,972
Charges for Services		374,498		374,498
Licenses, Permits, and Fees	246,623			246,623
Fines, Forfeitures, and Penalties	22,880			22,880
Earnings on Investments	235,520	890	474,627	711,037
Other Revenue	171,989	37,333		209,322
	<u>3,847,300</u>	<u>4,927,622</u>	<u>5,495,358</u>	<u>14,270,280</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	2,121,991			2,121,991
Public Safety	35,191	4,593,999	38,809	4,667,999
Public Works	857,623	529,775		1,387,398
Health	32,877			32,877
Conservation - Recreation	169,308			169,308
Debt Service:				
Redemption of Principal			192,431	192,431
Interest and Fiscal Charges			238,446	238,446
Capital Outlay	1,090,239	232,123	2,616,484	3,938,846
	<u>4,307,229</u>	<u>5,355,897</u>	<u>3,086,170</u>	<u>12,749,296</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>(459,929)</u>	<u>(428,275)</u>	<u>2,409,188</u>	<u>1,520,984</u>
Fund Cash Balances, January 1	<u>3,137,038</u>	<u>1,886,817</u>	<u>21,894,091</u>	<u>26,917,946</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$2,677,109</u></b>	<b><u>\$1,458,542</u></b>	<b><u>\$24,303,279</u></b>	<b><u>\$28,438,930</u></b>
Reserve for Encumbrances, December 31	<u>\$252,915</u>	<u>\$411,952</u>	<u>\$4,845</u>	<u>\$669,712</u>

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



**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**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 road and bridge maintenance, park operations (leisure time activities), fire protection and emergency medical services

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**

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.

U. S. Treasury Bonds and Money Market Investments are valued at cost. The investment STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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 tax money and pays the contract with Hamilton County for police services and other costs associated with security of persons.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

Fire District Fund – This fund receives tax money to provide 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 monies are used for the improvement 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 and 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 all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2003 and 2002 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 Township's basis of accounting.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**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>2003</u>	<u>2002</u>
Demand deposits	\$1,692,156	\$1,887,425
U.S. Treasury Money Market Funds	585,785	675,915
U.S. Treasury Bonds	14,894,485	16,928,675
STAR Ohio	1,988,978	8,946,915
Total investments	<u>17,469,248</u>	<u>26,551,505</u>
Total deposits and investments	<u>\$19,161,404</u>	<u>\$28,438,930</u>

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

**Investments:** U.S. Treasury Bonds are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Money Market Investments are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 follows:

<u>2003 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	
	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
General	\$3,500,000	\$4,534,379	\$1,034,379
Special Revenue	4,930,000	5,023,066	93,066
Capital Projects	5,030,000	5,813,125	783,125
Total	<u>\$13,460,000</u>	<u>\$15,370,570</u>	<u>\$1,910,570</u>

<u>2003 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation</u>	<u>Budgetary</u>	
	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
General	\$5,926,998	\$4,372,528	\$1,554,470
Special Revenue	5,660,967	5,668,612	(7,645)
Capital Projects	16,708,500	15,223,282	1,485,218
Total	<u>\$28,296,465</u>	<u>\$25,264,422</u>	<u>\$3,032,043</u>

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	3,393,395	\$3,847,300	\$453,905
Special Revenue	5,001,850	4,927,622	(74,228)
Capital Projects	5,030,000	5,495,358	465,358
Total	\$13,425,245	\$14,270,280	\$845,035

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,759,567	\$4,560,144	\$2,199,423
Special Revenue	5,422,847	5,767,849	(345,002)
Capital Projects	5,602,500	3,091,015	2,511,485
Total	\$17,784,914	\$13,419,008	\$4,365,906

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the November 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.

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Kemper Road Tax Increment Bonds	\$3,658,414	7.00%

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. Due to the covenants contained in the Tax Increment Financing agreement, the debt activity is recorded in the Capital Project Fund type.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. DEBT (Continued)**

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

	Tax Increment Bond
Year ending December 31:	
2004	\$430,877
2005	430,877
2006	430,877
2007	430,877
2008	430,877
2007-2011	3,016,139
Total	\$5,170,524

**6. RETIREMENT SYSTEMS**

The Township's certified fire fighters belong to the Police and Fire Pension Fund (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 2003, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of fire participant wages to OP&F. 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, 2003.

**7. RISK MANAGEMENT**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for a 5% portion the Plan retains. With policies effective September 1, 2003 and after, The Plan pays the lesser of 5% or \$25,000 for casualty losses up to the coverage limit and the lesser of 5% or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

	<b>2003</b>	<b>2002</b>
Assets	\$5,402,167	\$5,584,592
Liabilities	(1,871,123)	(2,441,793)
Members' Equity	\$3,531,044	\$3,142,799

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



## **Auditor of State Betty Montgomery**

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

Sycamore Township  
Hamilton County  
8540 Kenwood Road  
Cincinnati, Ohio 45236-2010

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, 2003 and 2002, and have issued our report thereon dated November 8, 2004. 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 Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 an instance of noncompliance that we must report under Government Auditing Standards which is described in the accompanying schedule of findings as items 2003-001 through 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated November 8, 2004.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 2003-001 and 2003-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider item 2003-004 listed above to be a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Township's management in a separate letter dated November 8, 2004.

This report is intended solely for the information and use management, the Board of Trustees and federal awarding agencies 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

November 8, 2004



**SYCAMORE TOWNSHIP  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**Noncompliance Citation/Reportable Condition**

Ohio Rev. Code, Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer 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.

Ohio Rev. Code, Section 5705.41(D), allows a subdivision's fiscal officer may also issue so-called "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund 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 fiscal year.

There are several exceptions to the standard requirement stated above that a fiscal officer'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 fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer 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 Township can authorize the drawing of a warrant for the payment of the amount due. The Township 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 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer 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 Township.

2. Blanket Certificate – Fiscal officers 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. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) 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.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer 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 Township did not certify the availability of funds prior to purchase commitment for 16% of the expenditures tested and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2003-001  
(Continued)**

Unless the exceptions noted above are used, prior certification is required by statute and 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 Township's funds exceeding budgetary spending limitations, we recommend the Clerk certify that the funds are or will be available prior to obligation by the Township by approving each purchase order. When prior certification is not possible, "then and now" certification should be used. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

In addition, the Township had one blanket purchase order outstanding at year end. We recommend the Clerk close all open blanket purchase orders at year end.

**FINDING NUMBER 2003-002**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue. The total appropriations exceeded estimated resources for the following funds at the indicated year end:

Year	Fund	Variance
2002	General	\$(229,132)

**FINDING NUMBER 2003-003**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.41(B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures plus encumbrances exceeded appropriations throughout the year and at year end (as a result of audit adjustments) at the fund and legal level of control for the following:

2003	Fund-Program-Object	Expenditures +Encumbrances	Appropriations	Variance
May	04-A-13	\$72,763	\$60,000	\$(12,763)
September	09-A-14	431,086	300,000	(131,086)
	01-A-04	31,095	20,000	(11,095)
December	Police Fund	1,553,872	1,477,627	(76,245)
<b><u>2002</u></b>				
February	10-A-10	81,197	80,000	(1,197)
October	01-A-10	265,323	100,000	(165,323)
December	Police Fund	1,722,965	1,377,400	(345,566)

**FINDING NUMBER 2003-003  
(Continued)**

We recommend the Township Clerk monitor appropriations and expenditures periodically throughout the year. We further recommend the Township Clerk deny payment requests exceeding appropriations. If resources are available, the Board of Trustees may increase appropriations when it is realized that expenditures may exceed the present amounts.

**FINDING NUMBER 2003-004**

**Material Weakness**

The Township has delegated EMS billings, which is a significant accounting function, to a third-party administrator. The Township has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that EMS billings have not been completely and accurately processed in accordance with the EMS billing rates and in compliance with billing rates as prescribed by ORC Section 505.371.

We recommend the Township implement procedures to assure the completeness and accuracy (including eligibility and allowability) of EMS billings processed by its third-party administrator. The Township should implement the following controls:

- activity is authorized, complete, and accurate;
- erroneous input data is corrected and resubmitted;
- township personnel will review provided Medicount output for completeness and accuracy;
- Medicount output is routinely reconciled to respective Township control totals;
- Medicount requests are appropriately authorized;
- all access to Medicount information will be restricted, properly authorized and reviewed on a periodic basis;

As an alternative, Township could specify in their contract with the third-party administrator that an annual Tier II SAS 70 audit report be performed. The Township should be provided a copy of the SAS 70 report timely and should review the report's content. A SAS 70 audit report should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in good standing with the Accountancy Board of the respective State. An unqualified Tier II SAS 70 Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness in accordance with SAS No. 70, should provide the Township with an appropriate level of assurance that EMS billings are being processed in conformance with the Township's rates.





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**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  
DECEMBER 30, 2004**