

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2007 AND 2006**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Sycamore Township  
8540 Kenwood Road  
Cincinnati, Ohio 45236

We have reviewed the *Independent Auditors' Report* of Sycamore Township, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Sycamore Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 21, 2008

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**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO**

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the Board of Trustees  
Sycamore Township  
8540 Kenwood Road  
Cincinnati, Ohio 45236

We have audited the accompanying financial statements of Sycamore Township, Hamilton County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006. 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, Townships to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or their changes in financial position for the years then ended.

Also, 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, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2008, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
October 29, 2008

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$ 340,916	\$ 4,350,879	\$ -	\$ -	\$ 4,691,795
Intergovernmental	5,463,400	753,093	-	-	6,216,493
Special Assessments	-	-	-	45,097	45,097
Payments in Lieu of Taxes	-	6,384,135	416,267	218,778	7,019,180
Charges for Services	-	1,074,039	-	-	1,074,039
Licenses, Permits and Fees	120,906	-	-	-	120,906
Fines, Forfeitures and Penalties	30,115	-	-	-	30,115
Earnings on Investments	1,462,709	99,641	23,037	1,099	1,586,486
Other Revenue	490,028	197,463	-	-	687,491
<b>Total Cash Receipts</b>	<b>7,908,074</b>	<b>12,859,250</b>	<b>439,304</b>	<b>264,974</b>	<b>21,471,602</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	2,766,167	-	-	-	2,766,167
Public Safety	1,319,585	3,820,360	-	-	5,139,945
Public Works	2,077,823	634,750	-	41,000	2,753,573
Public Health	37,299	-	-	-	37,299
Conservation - Recreation	162,996	-	-	-	162,996
Miscellaneous	43,751	27,518	2,944	-	74,213
Debt Service:					
Redemption of Principal	-	-	307,985	-	307,985
Interest and Fiscal Charges	-	-	293,493	-	293,493
Capital Outlay	315,000	11,696,900	-	4,507	12,016,407
<b>Total Cash Disbursements</b>	<b>6,722,621</b>	<b>16,179,528</b>	<b>604,422</b>	<b>45,507</b>	<b>23,552,078</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>1,185,453</b>	<b>(3,320,278)</b>	<b>(165,118)</b>	<b>219,467</b>	<b>(2,080,476)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Bonds	-	13,296,363	-	-	13,296,363
Bond Issuance Costs	-	(199,622)	-	-	(199,622)
<b>Total Other Financing Disbursements</b>	<b>-</b>	<b>13,096,741</b>	<b>-</b>	<b>-</b>	<b>13,096,741</b>
Excess of Cash Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	1,185,453	9,776,463	(165,118)	219,467	11,016,265
Fund Cash Balances, January 1	2,017,622	24,225,290	916,201	64,333	27,223,446
Fund Cash Balances, December 31	<u>\$ 3,203,075</u>	<u>\$ 34,001,753</u>	<u>\$ 751,083</u>	<u>\$ 283,800</u>	<u>\$ 38,239,711</u>
Reserve for Encumbrances, December 31	<u>\$ 194,778</u>	<u>\$ 257,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452,439</u>

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

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$ 384,250	\$ 4,528,331	\$ -	\$ -	\$ 4,912,581
Intergovernmental	6,387,005	491,802	-	-	6,878,807
Special Assessments	-	-	-	42,751	42,751
Payments in Lieu of Taxes	-	5,905,430	407,730	105,358	6,418,518
Charges for Services	-	513,999	-	-	513,999
Licenses, Permits and Fees	214,306	-	-	-	214,306
Fines, Forfeitures and Penalties	26,234	-	-	-	26,234
Earnings on Investments	324,102	777,729	28,510	10,798	1,141,139
Other Revenue	508,565	49,577	-	-	558,142
	<u>7,844,462</u>	<u>12,266,868</u>	<u>436,240</u>	<u>158,907</u>	<u>20,706,477</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	2,657,463	-	-	-	2,657,463
Public Safety	1,808,967	3,739,737	-	-	5,548,704
Public Works	807,930	646,141	-	29,690	1,483,761
Public Health	36,000	-	-	-	36,000
Conservation - Recreation	159,893	-	-	-	159,893
Miscellaneous	183,380	-	4,156	-	187,536
Debt Service:					
Redemption of Principal	-	-	243,293	-	243,293
Interest and Fiscal Charges	-	-	301,149	-	301,149
Capital Outlay	214,426	4,872,192	-	1,805,756	6,892,374
	<u>5,868,059</u>	<u>9,258,070</u>	<u>548,598</u>	<u>1,835,446</u>	<u>17,510,173</u>
<b>Total Cash Disbursements</b>					
Total Receipts Over (Under) Disbursements	1,976,403	3,008,798	(112,358)	(1,676,539)	3,196,304
Fund Cash Balances, January 1	41,219	21,216,492	1,028,559	1,740,872	24,027,142
Fund Cash Balances, December 31	<u>\$ 2,017,622</u>	<u>\$ 24,225,290</u>	<u>\$ 916,201</u>	<u>\$ 64,333</u>	<u>\$ 27,223,446</u>
Reserve for Encumbrances, December 31	<u>\$ 165,375</u>	<u>\$ 279,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,832</u>

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

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Sycamore Township, Hamilton County, (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, fire protection and emergency medical services. The Township contracts with Hamilton County to provide police protection.

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

**B. 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**

The Township'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.

The Township values U.S. Treasury securities at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**1. General Fund**

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

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(continued)**

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

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

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

**3. Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following Debt Service Funds:

*Kemper Road Service Fund* - This fund is required by a trust agreement and must maintain a \$430,877 fund balance.

*Kemper Road Debt Retirement Fund* - This fund receives service payments in lieu of taxes from the Kemper Road TIF Fund in order to pay the annual debt obligations.

**4. 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 Funds:

*Kemper/Gold Coast/Deerfield TIF* - The Township received bond proceeds in 2005 for the acquisition and construction of the Kemper/Gold Coast/Deerfield Office Project.

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

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(continued)**

**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 commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2007 and 2006 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.

**H. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(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>2007</u>	<u>2006</u>
Demand deposits	\$ 742,335	\$ 854,367
U.S. Treasury Money Market Funds	2,002,974	5,157,589
U.S. Treasury Notes	481,137	821,173
Federal Home Loan Mortgage	3,145,879	603,947
Federal National Mortgage Association	11,468,004	1,635,182
Federal Home Loan Bank	4,400,457	6,019,838
Federal Farm Credit Bank	504,845	170,005
FMAC	1,605,297	1,624,390
STAR Ohio	<u>13,888,783</u>	<u>10,336,955</u>
Total investments	<u>37,497,376</u>	<u>26,369,079</u>
Total deposits	<u>\$38,239,711</u>	<u>\$27,223,446</u>

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

Fund Type	2007 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 7,500,000	\$ 7,908,073	\$ 408,073
Special Revenue	13,177,000	26,155,615	12,978,615
Debt Service	550,000	439,303	(110,697)
Capital Projects	185,000	264,974	79,974
Total	<u>\$ 21,412,000</u>	<u>\$ 34,767,965</u>	<u>\$ 13,355,965</u>

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(continued)**

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 7,068,625	\$ 6,917,399	\$ 151,226
Special Revenue	11,249,607	16,636,811	(5,387,204)
Debt Service	893,900	604,422	289,478
Capital Projects	81,000	45,507	35,493
Total	\$ 19,293,132	\$ 24,204,139	\$ (4,911,007)

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 6,504,038	\$ 7,844,462	\$ 1,340,424
Special Revenue	12,348,000	12,266,868	(81,132)
Debt Service	676,580	436,240	(240,340)
Capital Projects	2,044,000	158,907	(1,885,093)
Total	\$ 21,572,618	\$ 20,706,477	\$ (866,141)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,475,474	\$ 6,033,434	\$ 442,040
Special Revenue	10,500,877	9,537,527	963,350
Debt Service	982,880	548,598	434,282
Capital Projects	1,836,756	1,835,446	1,310
Total	\$ 19,795,987	\$ 17,955,005	\$ 1,840,982

**4. COMPLIANCE**

- Contrary to Ohio Rev. Code, Section 5705.41(D), 22 percent of the expenditures tested did not contain the appropriate certification for the availability of funds and were not properly encumbered prior to incurring the obligation.
- Contrary to Ohio Rev. Code Section 5705.41(B) the following funds had expenditures which exceeded appropriations during 2007:

<u>Fund</u>	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Kenwood TIF	\$3,650,000	\$9,782,209	(\$6,132,209)
Sycamore Center TIF	160,000	222,710	(62,710)
Fire	2,365,508	2,410,133	(44,625)

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(continued)**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. 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 Township.

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.

**6. DEBT**

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Kemper Road Tax Increment Bonds	\$ 2,711,326	5.95%
Kemper Gold Coast Tax Increment Bonds	1,960,000	6.00%
2007 Sycamore Square G.O. Bonds	7,100,000	4.00% - 5.00%
2007 Kenwood Mall G.O. Bonds	<u>6,070,000</u>	3.50% - 4.00%
Total	<u>\$ 17,841,326</u>	

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 a Debt Service Fund type. The mortgage revenue bond covenant requires the Township to establish and fund a debt service reserve fund, included as a Debt Service Fund. The balance in the fund at December 31, 2007 is \$440,510.

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

The Township issued series 2007 general obligation bonds on September 11, 2007 in the amount of \$7,100,000 for 30 years. The bonds were issued to finance public infrastructure improvements, specifically a public parking garage at the Sycamore Financial Development in the Township. The bonds are collateralized by the Township's taxing authority.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(continued)**

The Township issued series 2007 general obligation bonds on December 27, 2007 in the amount of \$6,070,000 for 11 years. The bonds were issued to finance public infrastructure improvements, specifically a long term lease hold interest in a public parking garage for the Kenwood Towne Center and neighboring businesses in the Township. The bonds are collateralized by the Township's taxing authority.

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

Year ending December 31:	Kemper Road Tax Increment Bonds	Kemper Gold Coast Tax Increment Bonds	Sycamore Square General Obligation Bonds	Kenwood Mall General Obligation Bonds	Total
2008	\$ 430,878	\$ 172,600	\$ 415,907	\$ 680,097	\$ 1,699,482
2009	430,878	179,300	340,288	679,437	1,629,903
2010	430,878	185,400	470,288	682,812	1,769,378
2011	430,878	185,900	470,088	680,487	1,767,353
2012	430,878	186,100	469,688	682,637	1,769,303
2013-2017	1,292,631	937,100	2,348,625	3,398,248	7,976,604
2018-2022	-	969,500	2,361,250	681,200	4,011,950
2023-2027	-	392,700	2,355,500	-	2,748,200
2028-2032	-	-	2,343,875	-	2,343,875
2033-2037	-	-	2,350,250	-	2,350,250
Total	<u>\$ 3,447,021</u>	<u>\$ 3,208,600</u>	<u>\$ 13,925,759</u>	<u>\$ 7,484,918</u>	<u>\$ 28,066,298</u>

**7. RETIREMENT SYSTEMS**

The Township's fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time 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 the plans' retirement benefits, including post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OP&F participants contributed 10 percent of their gross wages. The Township contributed an amount equal to 24 percent of their wages to OP&F.

For 2007 and 2006, OPER's members contributed 9.5 and 9 percent, respectively, of their gross salaries. The Township contributed an amount equal to 13.85 and 13.7 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(continued)**

**8. 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 550 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 the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,229,620)
Members Equity	\$ 6,862,902	\$6,290,528

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).

# Bastin & Company, LLC

*Certified Public Accountants*

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Members of the Board of Trustees  
Sycamore Township  
8540 Kenwood Road  
Cincinnati, Ohio 45236

We have audited the accompanying financial statements of Sycamore Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated October 29, 2008, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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.

### **Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying schedule of findings as 2007-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

## Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings as item 2007-02 and 2007-03.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, express no opinion on them.

We noted certain matters that we have reported to management of the Township in a separate letter dated October 29, 2008.

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

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
October 29, 2008

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

**FINDING NUMBER 2007-01**

Significant Deficiency/Material Weakness

In May of 2006, the American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accountants, issued its Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters Identified in an Audit*.

SAS No. 112 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This standard requires the auditor to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. SAS No. 112 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control. One of those deficiencies, applicable to the Township relates to audit adjustments. The following adjustments were made as a result of audit:

- During 2006, interest expense on a bond interest payment related to the Kemper Bond Retirement Fund was recorded as an offset in interest income. An audit adjustment was required to reclassify \$32,922 to interest expense.
- During 2007 the Township posted audit adjustments related to prior audits as receipt and disbursement activities instead of adjusting the accounting records for the appropriate year. As a result, 2007 revenues, expenditures and the related effect on beginning fund cash balances as of January 1, 2007 were adjusted as follows:

<u>Fund</u>	<u>Item</u>	<u>Adjustment</u>
Duke TIF Fund	Other Revenue	(\$275,000)
Kenwood TIF Fund	Interest Income	275,000
FEMA Grant Fund	Intergovernmental Revenues	(47,983)
General Fund	Other Revenue	46,909
Fire Fund	Other Revenue	1,074
Fire Fund	Public Safety Expenditures	1,185
Fire Fund	Other Financing Uses	46,798
FEMA Grant Fund	Public Safety Expenditures	(1,185)
FEMA Grant Fund	Other Financing Uses	(46,798)

- As of December 31, 2007, the Township's records overstated actual cash and investment balances by \$215,098 as a result of incorrectly recording certain transactions. Audit adjustments were required to correct cash balances and related activities as follows:

<u>Fund</u>	<u>Item</u>	<u>Adjustment</u>
Duke TIF Fund	Other Revenue	\$ 25,000
Kenwood TIF Fund	Interest Income	<u>(240,098)</u>
Total		<u>\$ 215,098</u>

- During 2007, interest income totaling \$72,715 was recorded as other income and \$5,897 was recorded as intergovernmental revenues in the General Fund. In addition, \$10,100 of interest income was recorded as other revenues in the Duke TIF Fund. Audit adjustment was required to reclassify these items to interest income.
- During 2007, \$50,000 of debt principle payments made in the Kemper Gold Coast Deerfield TIF Bond Fund were recorded as interest expense (\$11,323), contract services (\$35,493) or offsets to interest income (\$3,184). Audit adjustment was required to reclassify these items to debt principle payments.
- During 2007, \$6,000,000 of capital outlay expenditures made in the Kenwood TIF Fund was recorded as bond principle retirement. Audit adjustment was required to reclassify these items to capital outlay expenditures.
- During 2007, \$199,622 of bond premiums and bond issuance costs related to the Kenwood TIF and Sycamore TIF Funds were offset and not recorded. Audit adjustments were required to record proceeds from bonds and bond issuance costs in the Kenwood and Sycamore TIF Funds (\$136,912 and \$62,710 respectively).

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Township implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

### **Township's Response**

The Township will attempt to more closely monitor the recording of transactions in the future.

### **FINDING NUMBER 2007-02**

#### **Noncompliance Citation**

Ohio Rev. 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 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. This certificate need be signed only by the subdivision's fiscal officer. 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 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 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. 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 availability of funds was not certified prior to the time of commitment in 22% of expenditures tested in 2006 and 2007 (13 of 60), nor did the Township use the aforementioned exceptions. Unless the Township uses the exceptions noted above, prior certification is not only required by statute but also 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 that the fiscal officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

**Township’s Response**

The Township concurs with the citation and will attempt to ensure certifications are properly performed in the future.

**FINDING NUMBER 2007-03**

**Noncompliance Citation**

Ohio Revised Code, Section 5705.41(B), states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. For 2007, the following funds had expenditures that exceeded appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Kenwood TIF	\$3,650,000	\$9,782,209	(\$6,132,209)
Sycamore Center TIF	160,000	222,710	(62,710)
Fire	2,365,508	2,410,133	(44,625)

**Township’s Response**

The Township concurs with the citation and will attempt to monitor budgetary data more closely in the future.

**SYCAMORE TOWNSHIP  
HAMILTON COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Status Explanation</b>
2005-001	ORC 5705.41(D) proper certification of expenditures	No	Not corrected, reissued as finding 2007-01
2005-002	ORC section 5705.41(B) appropriations in excess of estimated resources.	No	Not corrected, reissued as finding 2007-02
2005-003	ORC 5705.09(F) proper fund establishment	Yes	The Township Established the proper funds



**Mary Taylor, CPA**  
Auditor of State

**SYCAMORE TOWNSHIP**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 9, 2008**