

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2010 and 2009

CHRIS MOLER, CLERK/TREASURER



Dave Yost • Auditor of State

Members of Council
Village of Sycamore
132 North Sycamore Avenue
Sycamore, Ohio 44882

We have reviewed the *Independent Auditor's Report* of the Village of Sycamore, Wyandot County, prepared by Julian & Grube, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Sycamore is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

July 14, 2011

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**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Members of Council and Mayor
Village of Sycamore
132 North Sycamore Avenue
Sycamore, Ohio 44882

We have audited the accompanying financial statements of the Village of Sycamore, Wyandot County, Ohio, as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village of Sycamore'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 2, the Village of Sycamore 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.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Village of Sycamore's larger (i.e. major) funds separately. While the Village of Sycamore does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Village of Sycamore to reformat their statements. The Village of Sycamore has elected not to follow GAAP statement formatting requirements. 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, 2010 and 2009, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Sycamore, as of December 31, 2010 and 2009, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Sycamore, Wyandot County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the accounting basis Note 2 describes.

Independent Auditor's Report
Village of Sycamore
Page 2

The Village of Sycamore 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 June 21, 2011, on our consideration of the Village of Sycamore's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 21, 2011

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2010 AND 2009

<u>Cash and Cash Equivalents</u>	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	<u>\$ 1,103,762</u>	<u>\$ 1,080,111</u>
Total Cash and Cash Equivalents	<u><u>\$ 1,103,762</u></u>	<u><u>\$ 1,080,111</u></u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General	\$ 66,725	\$ 107,483
Special Revenue	431,749	359,015
Capital Projects	<u>39,978</u>	<u>46,473</u>
Total Governmental Fund Types	<u>538,452</u>	<u>512,971</u>
 <u>Proprietary Fund Type:</u>		
Enterprise	<u>565,310</u>	<u>567,140</u>
Total Fund Balances	<u><u>\$ 1,103,762</u></u>	<u><u>\$ 1,080,111</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 64,992	\$ 18,858	\$ -	\$ 83,850
Municipal Income Tax	-	116,146	-	116,146
Intergovernmental	61,526	82,326	-	143,852
Charges for services	6,157	140,355	-	146,512
Fines, licenses, and permits	174	-	-	174
Interest	2,548	430	-	2,978
Donations	-	11,843	-	11,843
Miscellaneous	834	-	-	834
Total cash receipts	<u>136,231</u>	<u>369,958</u>	<u>-</u>	<u>506,189</u>
Cash disbursements:				
Current:				
Security of persons and property	143,786	110,845	-	254,631
Public health services	1,902	32,434	-	34,336
Leisure time activities	11,163	-	-	11,163
Community environment	-	-	1,655	1,655
Transportation	-	56,919	-	56,919
General government	68,633	21,212	-	89,845
Debt service:				
Principal retirement	-	-	8,318	8,318
Interest and fiscal charges	-	-	3,670	3,670
Total cash disbursements	<u>225,484</u>	<u>221,410</u>	<u>13,643</u>	<u>460,537</u>
Total cash receipts over/(under) cash disbursements	<u>(89,253)</u>	<u>148,548</u>	<u>(13,643)</u>	<u>45,652</u>
Other financing receipts/(disbursements):				
Operating transfers in	48,495	14,124	7,148	69,767
Operating transfers out	-	(89,938)	-	(89,938)
Total other financing receipts/(disbursements)	<u>48,495</u>	<u>(75,814)</u>	<u>7,148</u>	<u>(20,171)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(40,758)	72,734	(6,495)	25,481
Cash fund balances, January 1, 2010	<u>107,483</u>	<u>359,015</u>	<u>46,473</u>	<u>512,971</u>
Cash fund balances, December 31, 2010	<u>\$ 66,725</u>	<u>\$ 431,749</u>	<u>\$ 39,978</u>	<u>\$ 538,452</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 1,050,571
Total operating cash receipts	1,050,571
Operating cash disbursements:	
Personal services	133,271
Employee fringe benefits	75,008
Contractual services	545,773
Supplies and material	136,755
Miscellaneous	10,379
Total operating cash disbursements	901,186
Operating income/(loss)	149,385
Nonoperating cash receipts/(disbursements):	
Intergovernmental receipts	21,800
Capital outlay	(87,363)
Miscellaneous	2,425
Other financing sources	390
Debt service:	
Principal	(31,757)
Interest	(76,881)
Total nonoperating cash receipts/(disbursements)	(171,386)
Income/(loss) before operating transfers	(22,001)
Transfers in	20,171
Net income/(loss)	(1,830)
Cash fund balances, January 1, 2010	567,140
Cash fund balances, December 31, 2010	\$ 565,310

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF SYCAMORE
 WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND ENCUMBRANCES COMPARED WITH EXPENDITURE
 AUTHORITY - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2010 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2010 Appropriations	Total	Actual 2010 Disbursements	Encumbrances Outstanding at 12/31/10	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 61,207	\$ 164,948	\$ 226,155	\$ 184,726	\$ 19,778	\$ -	\$ 201,370	\$ 201,370	\$ 225,484	\$ -	\$ 225,484	\$ (24,114)
Special Revenue	436,140	322,309	758,449	384,082	61,773	-	552,887	552,887	311,348	-	311,348	241,539
Capital Projects	67,674	14,400	82,074	7,148	(7,252)	-	23,628	23,628	13,643	-	13,643	9,985
Proprietary:												
Enterprise	627,254	1,065,250	1,692,504	1,095,357	30,107	-	1,444,771	1,444,771	1,097,187	-	1,097,187	347,584
Total												
(Memorandum Only)	<u>\$ 1,192,275</u>	<u>\$ 1,566,907</u>	<u>\$ 2,759,182</u>	<u>\$ 1,671,313</u>	<u>\$ 104,406</u>	<u>\$ -</u>	<u>\$ 2,222,656</u>	<u>\$ 2,222,656</u>	<u>\$ 1,647,662</u>	<u>\$ -</u>	<u>\$ 1,647,662</u>	<u>\$ 574,994</u>

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 60,279	\$ 19,142	\$ -	\$ 79,421
Municipal Income Tax	-	134,617	-	134,617
Intergovernmental	41,113	117,532	-	158,645
Charges for services	20,438	95,984	-	116,422
Fines, licenses, and permits	165	-	-	165
Interest	2,614	422	-	3,036
Donations	-	1,550	-	1,550
Total cash receipts	<u>124,609</u>	<u>369,247</u>	<u>-</u>	<u>493,856</u>
Cash disbursements:				
Current:				
Security of persons and property	125,563	159,004	-	284,567
Public health services	2,253	3,945	-	6,198
Leisure time activities	9,389	-	-	9,389
Community environment	-	-	4,492	4,492
Transportation	-	74,288	-	74,288
General government	76,575	22,988	-	99,563
Debt service:				
Principal retirement	-	-	16,079	16,079
Interest and fiscal charges	-	-	11,747	11,747
Total cash disbursements	<u>213,780</u>	<u>260,225</u>	<u>32,318</u>	<u>506,323</u>
Total cash receipts over/(under) cash disbursements	<u>(89,171)</u>	<u>109,022</u>	<u>(32,318)</u>	<u>(12,467)</u>
Other financing receipts/(disbursements):				
Operating transfers in	63,287	25,694	17,369	106,350
Operating transfers out	-	(120,624)	-	(120,624)
Total other financing receipts/(disbursements)	<u>63,287</u>	<u>(94,930)</u>	<u>17,369</u>	<u>(14,274)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(25,884)	14,092	(14,949)	(26,741)
Cash fund balances, January 1, 2009	<u>133,367</u>	<u>344,923</u>	<u>61,422</u>	<u>539,712</u>
Cash fund balances, December 31, 2009	<u>\$ 107,483</u>	<u>\$ 359,015</u>	<u>\$ 46,473</u>	<u>\$ 512,971</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 1,017,696
Total operating cash receipts	1,017,696
Operating cash disbursements:	
Personal services	100,552
Employee fringe benefits	53,319
Contractual services	537,414
Supplies and material	136,569
Miscellaneous	5,000
Total operating cash disbursements	832,854
Operating income/(loss)	184,842
Nonoperating cash receipts/(disbursements):	
Intergovernmental	2,508
Capital outlay	(67,393)
Miscellaneous	3,400
Principal	(30,121)
Interest	(78,519)
Total nonoperating cash receipts/(disbursements)	(170,125)
Income/(Loss) before operating transfers	14,717
Transfers in	14,274
Net income/(loss)	28,991
Cash fund balances, January 1, 2009	538,149
Cash fund balances, December 31, 2009	\$ 567,140

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF SYCAMORE
 WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND ENCUMBRANCES COMPARED WITH EXPENDITURE
 AUTHORITY - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2009

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2009 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2009 Appropriations	Total	Actual 2009 Disbursements	Encumbrances Outstanding at 12/31/09	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 137,565	\$ 333,407	\$ 470,972	\$ 187,896	\$ (145,511)	\$ -	\$ 333,407	\$ 333,407	\$ 213,780	\$ -	\$ 213,780	\$ 119,627
Special Revenue	357,422	441,800	799,222	394,941	(46,859)	-	788,892	788,892	380,849	-	380,849	408,043
Capital Projects	35,580	16,500	52,080	17,369	869	-	68,786	68,786	32,318	-	32,318	36,468
Proprietary:												
Enterprise	547,284	971,000	1,518,284	1,037,878	66,878	-	1,518,284	1,518,284	1,008,887	-	1,008,887	509,397
Total												
(Memorandum Only)	<u>\$ 1,077,851</u>	<u>\$ 1,762,707</u>	<u>\$ 2,840,558</u>	<u>\$ 1,638,084</u>	<u>\$ (124,623)</u>	<u>\$ -</u>	<u>\$ 2,709,369</u>	<u>\$ 2,709,369</u>	<u>\$ 1,635,834</u>	<u>\$ -</u>	<u>\$ 1,635,834</u>	<u>\$ 1,073,535</u>

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 - 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, sewer, electric utilities and fire and ambulance services.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village:

Governmental Fund Types

General Fund - The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

The Village had the following significant special revenue funds:

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

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

Local Income Tax Fund - This fund receives local income tax revenue which is transferred 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.

Capital Projects 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 Village had the following significant capital projects fund:

Storm Sewer Fund - This fund received an OPWC loan to construct storm sewer drains.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary Fund Type

Enterprise Funds - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Village is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting 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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for each fund, which is in noncompliance with Ohio Revised Code Section 5705.38(c). Any budgetary modifications outside of the legal level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2010 and December 31, 2009.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$2,978 and \$3,036 for the years ended December 31, 2010 and 2009, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Village.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. UNPAID VACATION AND SICK LEAVE

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

G. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Residual equity transfers are nonrecurring or non-routine transfers of equity between funds.

Transfers are intended to permanently reallocate money from one fund to another as authorized in the Ohio Revised Code Sections 5705.14 to 5705.16.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 3 - COMPLIANCE

- i.* The Village did not certify expenditures in a timely manner for the years ended December 31, 2010 and 2009 in noncompliance with Ohio Revised Code Section 5705.41(D).
- ii.* The Village had appropriations exceeding actual resources in noncompliance with Ohio Revised Code Section 5705.36(A)(4) for the years ended December 31, 2010 and 2009.
- iii.* The Village had appropriations in excess of estimated resources in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36 for the years ended December 31, 2010 and 2009.
- iv.* The Village had expenditures exceed appropriations in noncompliance with Ohio Revised Code Sections 5705.41(B) and 5705.40 for the year ended December 31, 2010.
- v.* The Village advanced funds in noncompliance with Ohio Revised Code Section 5705.10 for the year ended December 31, 2010.
- vi.* The Village did not appropriate at the minimum legal level of expenditures, (the office, department, and division's and within each, the amount appropriated for personal services), which is in noncompliance with Ohio Revised Code Section 5705.38(c).
- vii.* The Village awarded a contract in excess of \$25,000 without conducting the competitive bidding procedures in noncompliance with Ohio Revised Code Section 731.14.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 3 - COMPLIANCE - (Continued)

viii. The Village did not certify proper unencumbered fund balances in noncompliance with Ohio Revised Code Section 5705.36 for the years ended December 31, 2010 and 2009.

NOTE 4 - EQUITY IN POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	2010	2009
Deposits:		
Demand deposits	\$ 738,252	\$ 710,932
Total deposits	738,252	710,932
Investments:		
STAR Ohio	365,510	369,179
Total deposits and investments	\$ 1,103,762	\$ 1,080,111

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

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

NOTE 5 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the Village's operating transfers for 2010 and 2009:

2010	Transfers In	Transfers Out
General Fund	\$ 48,495	\$ -
<u>Special Revenue Funds:</u>		
Income Tax	-	68,262
Street Construction, Maintenance and Repair	14,124	-
FEMA	-	21,676
Total Special Revenue Funds	14,124	89,938
<u>Capital Projects Fund:</u>		
Storm Sewer	7,148	-
<u>Enterprise Funds:</u>		
Sewer Operating	3,713	-
Swimming Pool	16,458	-
Total Enterprise Funds	20,171	-
Total	\$ 89,938	\$ 89,938

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

<u>2009</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 63,287	\$ -
<u>Special Revenue Funds:</u>		
Income Tax	-	120,624
Street Construction, Maintenance and Repair	<u>25,694</u>	<u>-</u>
Total Special Revenue Funds	<u>25,694</u>	<u>120,624</u>
<u>Capital Projects Fund:</u>		
Storm Sewer	<u>17,369</u>	<u>-</u>
<u>Enterprise Funds:</u>		
Swimming Pool	<u>14,274</u>	<u>-</u>
Total	<u>\$ 120,624</u>	<u>\$ 120,624</u>

The above transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. 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 on the following June 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 7 - LOCAL INCOME TAX

The Village levies and collects 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 the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file the declaration annually.

NOTE 8 - DEBT OBLIGATIONS

At December 31, 2010 and 2009, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance 12/31/10</u>	<u>Balance 12/31/09</u>
2006 OPWC loan for a storm sewer project. The loan is interest free with semi-annual payments of \$2,134 through 2026.	\$ 68,275	\$ 72,542
2004 OWDA loan for storm sewer improvements. The loan is due in semi-annual installments of \$7,721 through 2024, bearing interest at 4.66%.	153,447	157,498
Commercial loan for water plant and line improvement. The loan is paid in monthly installments of \$645 through 2022, bearing interest at 6.0%.	65,999	69,656
1994 Farmers Home Administration Sanitary Sewer System Mortgage Revenue Bonds. The loan is due in annual installments of varying amounts through 2034, bearing interest at 5.25%.	<u>1,358,600</u>	<u>1,386,700</u>
Total	<u>\$ 1,646,321</u>	<u>\$ 1,686,396</u>

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 8 - DEBT OBLIGATIONS - (Continued)

Transactions for the years ended December 31, 2010 and 2009 are summarized as follows:

<u>2010</u>	<u>Balance</u> <u>12/31/09</u>	<u>Proceeds</u>	<u>Principal</u> <u>Retirement</u>	<u>Balance</u> <u>12/31/10</u>
OPWC - Storm Sewer	\$ 72,542	\$ -	\$ (4,267)	\$ 68,275
OWDA - Storm Sewer	157,498	-	(4,051)	153,447
Water Plant Line Loan	69,656	-	(3,657)	65,999
Sanitary Sewer Bonds	<u>1,386,700</u>	<u>-</u>	<u>(28,100)</u>	<u>1,358,600</u>
Total	<u>\$ 1,686,396</u>	<u>\$ -</u>	<u>\$ (40,075)</u>	<u>\$ 1,646,321</u>

<u>2009</u>	<u>Balance</u> <u>01/01/09</u>	<u>Proceeds</u>	<u>Principal</u> <u>Retirement</u>	<u>Balance</u> <u>12/31/09</u>
OWDA - Water Plant	\$ 202	\$ -	\$ (202)	-
OPWC - Storm Sewer	76,810	-	(4,268)	72,542
OWDA - Storm Sewer	169,107	-	(11,609)	157,498
Water Plant Line Loan	73,077	-	(3,421)	69,656
Sanitary Sewer Bonds	<u>1,413,400</u>	<u>-</u>	<u>(26,700)</u>	<u>1,386,700</u>
Total	<u>\$ 1,732,596</u>	<u>\$ -</u>	<u>\$ (46,200)</u>	<u>\$ 1,686,396</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2010 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>OPWC - Storm Sewer</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,267	\$ -	\$ 4,267
2012	4,267	-	4,267
2013	4,267	-	4,267
2014	4,267	-	4,267
2015	4,267	-	4,267
2016 - 2020	21,336	-	21,336
2021 - 2025	21,336	-	21,336
2026	<u>4,268</u>	<u>-</u>	<u>4,268</u>
Total	<u>\$ 68,275</u>	<u>\$ -</u>	<u>\$ 68,275</u>

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 8 - DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	OWDA - Storm Sewer		
	Principal	Interest	Total
2011	\$ 8,388	\$ 7,054	\$ 15,442
2012	8,783	6,659	15,442
2013	9,197	6,245	15,442
2014	9,631	5,811	15,442
2015	10,085	5,357	15,442
2016 - 2020	58,021	19,188	77,209
2021 - 2024	49,342	4,705	54,047
Total	<u>\$ 153,447</u>	<u>\$ 55,019</u>	<u>\$ 208,466</u>

Year Ending December 31,	Commerical Loan		
	Principal	Interest	Total
2011	\$ 3,883	\$ 3,853	\$ 7,736
2012	4,111	3,625	7,736
2013	4,376	3,360	7,736
2014	4,645	3,091	7,736
2015	4,932	2,804	7,736
2016 - 2020	29,603	9,077	38,680
2021 - 2022	14,449	913	15,362
Total	<u>\$ 65,999</u>	<u>\$ 26,723</u>	<u>\$ 92,722</u>

Year Ending December 31,	Sanitary Sewer Bonds		
	Principal	Interest	Total
2011	\$ 29,500	\$ 71,327	\$ 100,827
2012	31,100	69,778	100,878
2013	32,700	68,145	100,845
2014	34,400	66,428	100,828
2015	36,200	64,622	100,822
2016 - 2020	211,900	292,499	504,399
2021 - 2025	273,800	230,706	504,506
2026 - 2030	353,400	150,906	504,306
2031 - 2034	355,600	47,864	403,464
Total	<u>\$ 1,358,600</u>	<u>\$ 1,062,275</u>	<u>\$ 2,420,875</u>

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 8 - DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	Total		
	Principal	Interest	Total
2011	\$ 46,038	\$ 82,234	\$ 128,272
2012	48,261	80,062	128,323
2013	50,540	77,750	128,290
2014	52,943	75,330	128,273
2015	55,484	72,783	128,267
2016 - 2020	320,860	320,764	641,624
2021 - 2025	358,927	236,324	595,251
2026 - 2030	357,668	150,906	508,574
2031 - 2034	355,600	47,864	403,464
Total	<u>\$ 1,646,321</u>	<u>\$ 1,144,017</u>	<u>\$ 2,790,338</u>

NOTE 9 - RETIREMENT SYSTEM

The Village's full-time law enforcement officers belong to the Ohio Police & Fire Pension Funds (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For the years ended December 31, 2010 and 2009, OP&F members contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% of their wages for police officers. For the years ended December 31, 2010 and 2009, OPERS members contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all required contributions under both plans as of December 31, 2010 and 2009.

NOTE 10 - RISK MANAGEMENT

Commercial Insurance

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 insurance coverage to full-time employees through a private carrier.

NOTE 11 - CONTINGENT LIABILITIES

The Village is not currently involved in litigation.



Julian & Grube, Inc.
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**Independent 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***

Members of Council and Mayor
Village of Sycamore
132 North Sycamore Avenue
Sycamore, Ohio 44882

We have audited the financial statements of the Village of Sycamore, Wyandot County, Ohio, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 21, 2011, wherein we noted the Village of Sycamore followed 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 Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Sycamore'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 Village of Sycamore's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Sycamore'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village of Sycamore's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-VOS-001 described in the accompanying schedule of findings and responses to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2010-VOS-012 and 2010-VOS-013 described in the accompanying schedule of findings and responses to be significant deficiencies.

Members of Council and Mayor
Village of Sycamore

Compliance and Other Matters

As part of reasonably assuring whether the Village of Sycamore's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed nine instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2010-VOS-002 through 2010-VOG-011.

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

We intend this report solely for the information and use of the management and the Council of the Village of Sycamore, 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 "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 21, 2011

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2010-VOS-001

Material Weakness - Financial Statement Reporting

Accurate financial reporting is an important part of the Village's overall purpose. Financial reporting requires internal controls in place to help ensure accuracy of reporting.

We identified misstatements in the financial statements for the fiscal years ending December 31, 2010 and 2009 that were not initially identified by the Village's internal controls. The audit adjustments were made to the Village's financial statements. A description of the adjustments follows:

2010 Adjustments:

General Fund: Increase of \$26,705 due to kilowatt tax not allocated to the general fund and decrease of \$29,925 due to improper advance from the electric fund for a total net increase of \$3,220. Adjustments were also made to reclassify \$8,016 from property tax receipts to intergovernmental receipts for homestead and rollback, as well as increasing the property tax receipts and general government disbursements by \$1,511 to properly record the property taxes at the gross value.

Fire Fund: Adjustments were made to reclassify \$3,889 from property tax receipts to intergovernmental receipts for homestead and rollback, as well as increasing the property tax receipts and general government disbursements by \$771 to properly record the property taxes at the gross value.

Storm Sewer Fund (Capital Projects): Decrease of \$7,721 due to debt payments being paid from the sewer operating fund.

Sewer Operating Fund: Increase of \$7,721 due to debt payments being paid out of the sewer operating fund for storm sewer loan repayment. Also, an adjustment was made to reclassify \$100,902 to debt service payments that were recorded as miscellaneous disbursement.

Electric Fund: Decrease of \$26,705 due to kilowatt tax not allocated to the general fund and increase of \$29,925 due to improper advance to the general fund for a total net decrease of \$3,220.

2009 Adjustments:

General Fund: Increase of \$24,391 due to kilowatt tax not allocated to the general fund and decrease of \$1,761 due to fire fund homestead and rollback receipts that were recorded in the general fund for a total net increase of \$22,630. Adjustments were also made to reclassify \$4,329 from property tax receipts to intergovernmental receipts for homestead and rollback and tangible personal property tax reimbursement.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2010-VOS-001 - (Continued)

Street Construction Maintenance and Repair Fund: An adjustment was made to reclassify \$6,674 from local taxes to intergovernmental receipts for permissive and gas tax receipts.

Fire Fund: Increase of \$1,761 due to fire fund homestead and rollback receipts that were recorded in the general fund. Also, an adjustment was made to reclassify \$2,000 from property tax receipts to intergovernmental receipts for homestead and rollback.

Storm Sewer Fund (Special Revenue): Increase of \$7,918 to the beginning fund balance to agree with the December 31, 2008 audited financial statements and decrease of \$7,918 of transfers in that should have been transferred to the storm sewer (capital projects) fund.

Storm Sewer Fund (Capital Projects): Decrease of \$7,918 to the beginning fund balance to agree with the December 31, 2008 audited financial statements, an increase of \$7,918 of transfers in that should have been transferred to the storm sewer (capital projects) fund, and a decrease of \$7,721 due to debt payments being paid from the water operating fund for storm sewer loan repayment.

Water Operating Fund: Increase of \$7,721 due to debt payments being paid from the water operating fund for storm sewer loan repayment.

Sewer Operating Fund: An adjustment was made to reclassify \$100,904 to debt service payments that were recorded as miscellaneous disbursement.

Electric Fund: Decrease of \$24,391 due to kilowatt tax not allocated to the general fund. Also, an adjustment was made to reclassify \$512,021 of contractual services that was recorded as a miscellaneous disbursement.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. Lack of a presented financial statement review process could inhibit its financial accountability to both the citizens and the Council, which they may use to facilitate Village descriptions.

We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Client Response: Management concurs with the adjustments and will continue to use guidance provided by the Village Handbook in order to properly record transactions.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOS-002

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is certificate of the Fiscal Officer that the amount required for the order or contract 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.

For the years ended December 31, 2010 and 2009, 67% and 68%, respectively, of expenditures tested were not certified in a timely manner.

Without timely certification, the Village may expend more funds than available in the treasury, or in the process of collection, or appropriated. This may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection and or a "Then & Now" certification is approved on the purchase order.

Client Response: The Village Fiscal Officer is working to certify expenditures more timely and making more use of "Then & Now" certificates.

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**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOS-003

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, 2010 and 2009, the Village had appropriations greater than actual resources, in the following funds:

	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>2010</u>			
<u>Special Revenue Funds:</u>			
Permissive Motor Vehicle License	\$ 46,707	\$ 67,292	\$ 20,585
Income Tax	127,151	135,000	7,849
<u>Capital Projects Fund:</u>			
Storm Sewer	18,041	23,628	5,587
<u>2009</u>			
General Fund	321,263	333,407	12,144
<u>Special Revenue Funds:</u>			
Street Construction, Maintenance and Repair	134,937	166,866	31,929
Ambulance	171,285	202,616	31,331
FEMA	21,676	43,352	21,676
<u>Enterprise Funds:</u>			
Water Operating	158,985	162,357	3,372
Sewer Operating	218,134	236,493	18,359
Swimming Pool	22,648	30,915	8,267

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the Village monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State Bulletin 97-010.

Client Response: The Village is attempting to monitor the budget more closely.

Finding Number	2010-VOS-004
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Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the original certificate of estimated resources.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOS-004 - (Continued)

The Village did not timely request amended certificates throughout the year upon notice of increased or decreased resources in order to equal or exceed appropriations.

When required by law, the Village should be certifying its corrected estimated resources with the County so that appropriations do not exceed estimated resources. When appropriations exceed estimated resources, it allows for expenditures to possibly cause a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring its budgetary process on a regular basis and approving amendments as necessary. If it is determined that estimated revenues will be greater than initially anticipated, the Village should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

Client Response: The Village is attempting to monitor the budget more closely.

Finding Number	2010-VOS-005
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Ohio Revised Code Section 5705.39 requires that the total appropriation from each fund should not exceed total estimated resources.

Total appropriations exceeded the total estimated resources for the year ended December 31, 2010 and 2009 in the following funds:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>2010</u>			
<u>Special Revenue Fund:</u>			
FEMA	\$ 21,676	\$ 43,352	\$ 21,676
<u>Enterprise Fund:</u>			
Sewer Operating	227,357	236,493	9,136
<u>2009</u>			
<u>Special Revenue Fund:</u>			
Permissive Motor Vehicle License	46,846	67,292	20,446
<u>Capital Projects Fund:</u>			
Storm Sewer	52,080	68,786	16,706

With appropriations exceeding estimated resources, the Village is appropriating monies that have not been certified with the County Auditor.

We recommend that the Village comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the Village should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the Village should monitor its budgetary process on a regular basis.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOS-005 - (Continued)

Client Response: The Village is attempting to monitor the budget more closely.

Finding Number	2010-VOS-006
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Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

The Village had expenditures in excess of appropriations at December 31, 2010 in the following funds:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 201,370	\$ 225,484	\$ 24,114
<u>Special Revenue Fund:</u>			
FEMA	-	21,676	21,676
<u>Enterprise Fund:</u>			
Enterprise Deposit Fund	-	10,379	10,379

The Village is expending monies that have not been appropriated. This could result in unnecessary purchases of fund deficits.

We recommend that the Village comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Client Response: The Village will attempt to ensure expenditures not exceed appropriations.

Finding Number	2010-VOS-007
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Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.

The Village did not timely or properly modify its appropriations throughout the year ended December 31, 2010.

By not timely and properly modifying the Village's appropriations, the Village is not adequately monitoring its appropriations. This results in having expenditures exceed appropriations, and possibly, fund deficits.

We recommend that the Village comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Client Response: The Village will attempt to modify appropriations timely.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOS-008

Ohio Revised Code Section 5705.10 states, in part, that money paid into any fund shall be used only for the purposes for which such fund is established. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash for the same purpose for which the fund receiving the cash was established.

During 2010, the Village advanced \$29,925 from the Electric Fund to the General Fund.

By advancing money from the Electric Fund to the General Fund, the Village is using Electric Fund money for a purpose other than for which it has been statutory authorized.

We recommend the Village comply with Ohio Revised Code and only spend money for a purpose for which a fund is authorized. This adjustment to reverse the advance, with which management agrees, has been posted to the financial statements.

Client Response: The Village will attempt to be certain all advances comply with Ohio Revised Code Section 5705.10.

Finding Number	2010-VOS-009
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Ohio Revised Code Section 5705.38 (C) requires that for subdivisions other than schools, appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

The Village appropriated at the fund level for all funds.

Failure to appropriate and monitor expenditures at the required legal level of control could lead to ineffective budgetary oversight of expenditures.

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

Client Response: The Village will appropriate at the proper level in the future.

Finding Number	2010-VOS-010
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Ohio Revised Code Section 731.14 requires that a government competitively bid all contracts for material and labor which exceeds \$25,000. Competitive bids require that the contract be entered into in writing with the lowest and best bidder after advertisement of the proposal for bids for not less than two nor more than four consecutive weeks in a general circulation newspaper within the Village.

The Village awarded a contract for the painting of the water tower in fiscal year 2010 for a final amount of \$43,800 and did not conduct the competitive bidding procedures.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOS-010 - (Continued)

The Village may not receive the best price or quality of work if contracts are not advertised and bid in accordance with the Ohio Revised Code.

We recommend that the Village implement policies and procedures to properly bid all contracts if the amount expected to be paid is in excess of the amount allowed by the Ohio Revised Code. If the Village does not properly bid contracts, the minutes should reflect the justification for not following bidding procedures.

Client Response: The Village will bid out contracts as required.

Finding Number	2010-VOS-011
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Ohio Revised Code Section 5705.36 requires, in part, subdivisions to certify to the County Auditor the amount available from all sources for expenditures from each fund along with any balances which existed at the end of the preceding year on or about the first day of each fiscal year.

The Village did not certify the unencumbered fund balances at January 1, 2010 and January 1, 2009.

By not certifying accurate unencumbered cash, the Village does not have proper estimated resources in which to appropriate against, which could cause appropriations to exceed estimated resources.

We recommend the Village properly certify the correct fund balances. This will enable the County Auditor to perform the proper certification with accurate information. This will in turn allow the Village to properly appropriate funds within available resources.

Client Response: The Village will attempt to certify balances to the County Auditor on time.

Finding Number	2010-VOS-012
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Significant Deficiency - Outstanding Checks

The outstanding check list should be reviewed and updated at least on a monthly basis with the bank reconciliation. All checks that clear the bank should be removed and any check that was reissued should be voided and removed from the list as well.

The Village wrote a check of \$39,754 out of the Electric Fund in December of 2009 that didn't clear and was subsequently on the outstanding checks list. In January of 2010 the check was reissued; however, the Village did not void and remove the original check from the list.

At December 31, 2010, the Village's cash was understated by the same \$39,754 because the disbursement was recorded twice. By not updating the outstanding check list timely, the Village could certify the wrong beginning balances and consequently not report the correct amount available for expenditures.

We recommend the Village review the outstanding check list more thoroughly and timely.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOS-012 - (Continued)

Client Response: The check will be voided and the Village will better monitor the outstanding check list.

Finding Number	2010-VOS-013
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Significant Deficiency - Income Taxes

The Village maintains a separate income tax journal in order to track amounts owed to the Village and payments made by the Village's residents.

During 2009 and 2010, the income tax journal was not properly maintained. While deposits were made timely and the total deposit amounts were posted to the Village's ledger, the income journal was not updated to show amounts paid by Village residents. Each deposit ticket listed the amounts paid which made up the total deposit, which allowed alternative audit procedures to be performed.

By not maintaining the income tax journal, the Village cannot easily determine which taxpayers are current and which are delinquent with their payments.

We recommend the Village update its income tax records and continue to maintain its journal to track payments.

Client Response: The income tax clerk is currently working to get the income tax journal up to date. She will continue to maintain it in a timely fashion.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-VOS-001	<u>Significant Deficiency/Material Weakness</u> - The Village had adjustments to its financial statements and notes.	No	Repeated as finding 2010-VOS-001
2008-VOS-002	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is certificate of the Fiscal Officer that the amount required for the order or contract 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.	No	Repeated as finding 2010-VOS-002
2008-VOS-003	Ohio Revised Code Section 5705.36(A)(4) states that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations.	No	Repeated as finding 2010-VOS-003
2008-VOS-004	Ohio Revised Code Section 5705.36 requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the Fiscal Officer that revenue to be collected will be greater or less than the amount in the original certificate of estimated resources.	No	Repeated as finding 2010-VOS-004

**VILLAGE OF SYCAMORE
WYANDOT COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-VOS-005	Ohio Revised Code Section 5705.39 requires that total appropriation from each fund should not exceed total estimated resources.	No	Repeated as finding 2010-VOS-005
2008-VOS-006	Ohio Revised Code Section 5705.36 requires subdivisions to certify to the County Auditor the amount available from all sources for expenditures from each fund along with any balances which existed at the end of the preceding year on or about the first day of each fiscal year.	Yes	N/A

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Dave Yost • Auditor of State

VILLAGE OF SYCAMORE

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 28, 2011