



Certified Public Accountants, A.C.

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY  
Regular Audit  
For the Years Ended December 31, 2018 and 2017**

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OHIO AUDITOR OF STATE  
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Village Council  
Village of Sycamore  
PO Box 279  
Sycamore, Ohio 44882

We have reviewed the *Independent Auditor's Report* of the Village of Sycamore, Wyandot County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. 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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 19, 2019

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VILLAGE OF SYCAMORE  
WYANDOT COUNTY

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## INDEPENDENT AUDITOR'S REPORT

May 24, 2019

Village of Sycamore  
Wyandot County  
PO Box 279  
Sycamore, OH 44882

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Sycamore**, Wyandot County, (the Village) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Sycamore, Wyandot County as of December 31, 2018 and 2017 in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 114,422	\$ 16,982	\$ -	\$ 131,404
Municipal Income Tax	214,453	-	-	214,453
Intergovernmental	24,063	113,781	-	137,844
Charges for Services	4,439	166,513	27,045	197,997
Fines, Licenses and Permits	30	-	-	30
Earnings on Investments	1,248	363	-	1,611
Miscellaneous	3,056	31,379	-	34,435
<i>Total Cash Receipts</i>	<u>361,711</u>	<u>329,018</u>	<u>27,045</u>	<u>717,774</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	24,758	217,166	-	241,924
Public Health Services	2,692	-	-	2,692
Leisure Time Activities	10,185	-	-	10,185
Community Environment	-	-	4,750	4,750
Transportation	-	95,865	-	95,865
General Government	94,644	657	-	95,301
Debt Service:				
Principal Retirement	-	5,236	15,847	21,083
Interest and Fiscal Charges	-	104	3,315	3,419
<i>Total Cash Disbursements</i>	<u>132,279</u>	<u>319,028</u>	<u>23,912</u>	<u>475,219</u>
<i>Excess of Receipts Over Disbursements</i>	<u>229,432</u>	<u>9,990</u>	<u>3,133</u>	<u>242,555</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	42,890	32,167	75,057
Transfers Out	(85,780)	-	-	(85,780)
Other Financing Uses	-	(1,472)	-	(1,472)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(85,780)</u>	<u>41,418</u>	<u>32,167</u>	<u>(12,195)</u>
Extraordinary Item	-	44,843	-	44,843
<i>Net Change in Fund Cash Balances</i>	143,652	96,251	35,300	275,203
<i>Fund Cash Balances, January 1</i>	<u>528,836</u>	<u>639,234</u>	<u>63,326</u>	<u>1,231,396</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	735,485	98,626	834,111
Unassigned	672,488	-	-	672,488
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 672,488</b></u>	<u><b>\$ 735,485</b></u>	<u><b>\$ 98,626</b></u>	<u><b>\$ 1,506,599</b></u>

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 2,170,032
<i>Total Operating Cash Receipts</i>	<i>2,170,032</i>
<b>Operating Cash Disbursements</b>	
Personal Services	193,940
Employee Fringe Benefits	83,129
Contractual Services	1,513,433
Supplies and Materials	100,999
Other	4,105
<i>Total Operating Cash Disbursements</i>	<i>1,895,606</i>
<i>Operating Income</i>	<i>274,426</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	5,400
Miscellaneous Receipts	4,644
Capital Outlay	(112,592)
Principal Retirement	(87,015)
Interest and Other Fiscal Charges	(68,455)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(258,018)</i>
<i>Income before Transfers</i>	<i>16,408</i>
Transfers In	10,723
<i>Net Change in Fund Cash Balances</i>	<i>27,131</i>
<i>Fund Cash Balances, January 1</i>	<i>848,093</i>
<i>Fund Cash Balances, December 31</i>	<b><i>\$ 875,224</i></b>

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

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Note 1 – Reporting Entity**

The Village of Sycamore (the Village), Wyandot County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including water, sewer and electric utilities, swimming pool and park operations and emergency medical services. The Village contracts with Wyandot County Sheriff's department to provide security of persons and property.

**Public Entity Risk Pools**

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. 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**

**Basis of Presentation**

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**Fund Accounting**

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** - The General Fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has the following significant Special Revenue Funds:

**Street Construction, Maintenance and Repair Fund** – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets within the Village.

**Fire Fund** – The Fire Fund accounts for and reports money from a levy and charges for services to cover the costs of providing fire protection services.

**Ambulance Fund** – The Ambulance Fund accounts for and reports money from a levy and charges for services to cover the costs of providing emergency medical services.

**Capital Project Funds** - These funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Fund:

**Storm Sewer Fund** – The Storm Sewer Fund accounts for and receives charges for services funding to construct storm sewer drains.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Enterprise Funds** - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Operating Fund** – The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Electric Operating Fund** – The Electric Operating Fund accounts for the provision of electric distribution to the residents and commercial users located within the Village.

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Budgetary Process**

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

**Appropriations** – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2018 budgetary activity appears in Note 3.

**Deposits and Investments**

The Village'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.

**Capital Assets**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** – Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** – Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 330,000	\$ 361,711	\$ 31,711
Special Revenue	323,005	416,751	93,746
Capital Projects	58,660	59,212	552
Enterprise	1,883,500	2,190,799	307,299
Total	\$ 2,595,165	\$ 3,028,473	\$ 433,308

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 354,374	\$ 218,059	\$ 136,315
Special Revenue	881,448	320,500	560,948
Capital Projects	124,545	23,912	100,633
Enterprise	2,491,017	2,163,668	327,349
Total	\$ 3,851,384	\$ 2,726,139	\$ 1,125,245

**Note 4 - Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

Demand deposits	\$ 2,381,823
Total deposits	\$ 2,381,823

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

**Property Taxes**

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

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(Continued)*

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**Note 5 – Taxes (Continued)**

***Property Taxes (Continued)***

Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (the latest information available).

	<b><u>2017</u></b>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(Continued)*

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**Note 6 – Risk Management (Continued)**

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Village's share of these unpaid claims collectible in future years is approximately \$34,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b>2018 Contributions to PEP</b> <b>\$54,359</b>
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

***Social Security***

Several Village Council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2018.



**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(Continued)*

**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest</u>
2012 Sanitary Sewer System Revenue Bonds	\$ 1,090,000	2.00%
OWDA - 4043 Storm Sewer Improvements	74,165	4.66%
OPWC - CT65F Sycamore Storm Sewer Improvements	34,138	0.00%
Water Plant Line Loan	27,348	6.00%
2014 USDA Rural Development Loan	964,300	2.50%
Fire Truck Loan	1,333	2.50%
	<u>\$ 2,191,284</u>	

During 1994, through an agreement with the United States Department of Agriculture, the Village issued bonds for sanitary sewer system repairs. The bond was due in annual installments of varying amounts through 2034, bearing interest at 5.25%. During 2012, the Village refinanced these bonds in the amount of \$1,415,000. The bond issue is held by BNY Mellon. The debt is backed by the full faith and credit of the Village, and revenues from utilities are used to retire the debt. The Village makes required principal and interest payments on an annual basis.

The OWDA Loan #4043 relates to the Storm Sewer Improvement project in 2004. The loan will be repaid in semiannual installments of \$7,721, over 20 years.

The OPWC Loan #CT65F related to the Sycamore Storm Sewer Improvements project in 2006. The loan will be repaid in semiannual installments of \$2,134, over 20 years.

The Village entered into an agreement with First National Bank of Sycamore in 2008 for the Water Plant Line Loan. The loan will be repaid in monthly installments of \$645, over 14 years.

The USDA Rural Development Loan was obtained to retire OWDA Loan #6493 that was obtained as interim financing for the new water treatment plant project. The Village repaid the OWDA Loan in 2014. The USDA Loan will be repaid over 30 years. The Village has agreed to set utility rates sufficient to cover USDA Rural Development debt service requirements. The USDA Rural Development Loan includes a covenant requiring the Village to establish and fund a debt service reserve fund. The Village did not establish this fund as of December 31, 2016.

The Village entered into an agreement with First National Bank of Sycamore in 2014 for a Fire Truck Loan. The loan will be repaid in monthly installments of \$445 over 5 years.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

**Note 9 – Debt (Continued)**

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

Year ending December 31:	Sewer Bonds	OWDA #4043	OPWC #CT65F
2019	\$ 100,305	\$ 14,972	\$ 4,267
2020	98,595	15,053	4,267
2021	101,885	15,138	4,267
2022	100,033	15,227	4,267
2023	98,180	15,320	4,267
2024-2028	494,820	7,696	12,803
2029-2033	448,648	-	-
Total	<u>\$ 1,442,466</u>	<u>\$ 83,406</u>	<u>\$ 34,138</u>

  

Year ending December 31:	Water Plant Line Loan	2014 USDA Bonds	Fire Truck Loan
2019	\$ 7,736	\$ 50,908	\$ 1,336
2020	7,736	50,938	-
2021	7,736	50,850	-
2022	7,736	50,848	-
2023	-	50,928	-
2024-2028	-	254,373	-
2029-2033	-	254,450	-
2034-2038	-	254,373	-
2039-2043	-	254,488	-
2044-2045	-	50,840	-
Total	<u>\$ 30,944</u>	<u>\$ 1,322,996</u>	<u>\$ 1,336</u>

**Note 10 – AMPGS (81 Members)**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project.

Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station (“AMPGS”), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation (“Bechtel”), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS (“AMPGS Participants”) voted to cease development of AMPGS as a coal fired project.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(Continued)*

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**Note 10 – AMPGS (81 Members) (Continued)**

As of December 31, 2018, \$17,114,359 on AMP's Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and \$36,188,681 on AMP's Line of Credit was allocable to plant held for future use.

Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$621 and interest expense incurred on AMP's line of credit is \$3,056, resulting in a net impaired cost estimate at December 31, 2018 of \$42,511. The Village does have a potential PHFU Liability of \$14,615 resulting in a net total potential liability of \$57,126, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to absorb these costs.

**Note 11 – Combined Hydroelectric Projects (79 Members)**

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "*Combined Hydroelectric Projects*"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 200 kW or 0.10% of capacity and associated energy from the hydro facilities.

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the "*Combined Hydroelectric Bonds*"), in an original aggregate principal amount of \$2,354,485,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2018, \$2,222,975,882 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$31.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

In August 2017, AMP filed a lawsuit against Voith Hydro, Inc. ("*Voith*"), the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project (as hereinafter defined).

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

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**Note 12 – Greenup Hydroelectric Project (47 Members)**

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the “AMP Interest”) in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “2016 Greenup Bonds”) and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2018, \$125,300,000 aggregate principal amount of the 2016 Greenup Bonds were outstanding under the indenture securing the 2016 Greenup Bonds.

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 20kW or 0.06% of capacity and associated energy from the Greenup hydro facilities.

**Note 13 – Meldahl Hydroelectric Project (48 Members)**

AMP owns and, together with the City of Hamilton, Ohio, an AMP Member, developed and constructed a 108.8 MW, three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the “Meldahl Project”). The Meldahl Project is operated by the City of Hamilton.

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds (“Meldahl Bonds”) in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2018, \$685,215,000 aggregate principal amount of the Meldahl Bonds and approximately \$2.4 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Meldahl Bonds.

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 30 kW or 0.03% of capacity and associated energy from the Meldahl Project.

**Note 14 – Prairie State Energy Campus (68 Members)**

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the “PSEC Ownership Interest”) in the Prairie State Energy Campus (“PSEC”), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (“AMP 368 LLC”). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “Initial Prairie State Bonds”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds (the “Prairie State Refunding Bonds” and, together with the Initial Prairie State Bonds, the “Prairie State Bonds”) to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. December 31, 2018, AMP had \$1,537,430,000 aggregate principal amount of Prairie State Bonds outstanding.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(Continued)*

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**Note 14 – Prairie State Energy Campus (68 Members) (Continued)**

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 299 kW or 0.08% of capacity and associated energy from the Prairie State facility.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "*Prairie State Power Sales Contract*") with 68 Members (the "*Prairie State Participants*"). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

**Note 15 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 115,412	\$ 16,300	\$ -	\$ 131,712
Municipal Income Tax	210,989	-	-	210,989
Intergovernmental	25,778	68,601	-	94,379
Charges for Services	9,100	142,987	26,654	178,741
Fines, Licenses and Permits	812	-	-	812
Earnings on Investments	903	374	-	1,277
Miscellaneous	-	22,230	-	22,230
<i>Total Cash Receipts</i>	<u>362,994</u>	<u>250,492</u>	<u>26,654</u>	<u>640,140</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	30,496	210,810	-	241,306
Public Health Services	2,118	-	-	2,118
Leisure Time Activities	4,490	-	-	4,490
Community Environment	-	-	509	509
Transportation	-	39,502	-	39,502
General Government	97,472	622	-	98,094
Debt Service:				
Principal Retirement	-	5,107	15,325	20,432
Interest and Fiscal Charges	-	234	3,763	3,997
<i>Total Cash Disbursements</i>	<u>134,576</u>	<u>256,275</u>	<u>19,597</u>	<u>410,448</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>228,418</u>	<u>(5,783)</u>	<u>7,057</u>	<u>229,692</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Fixed Assets	-	7,000	-	7,000
Transfers In	-	31,648	31,648	63,296
Transfers Out	(73,845)	-	-	(73,845)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(73,845)</u>	<u>38,648</u>	<u>31,648</u>	<u>(3,549)</u>
<i>Net Change in Fund Cash Balances</i>	154,573	32,865	38,705	226,143
<i>Fund Cash Balances, January 1 (Restated, See Note 17)</i>	<u>374,263</u>	<u>606,369</u>	<u>24,621</u>	<u>1,005,253</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	639,234	63,326	702,560
Assigned	24,374	-	-	24,374
Unassigned	504,462	-	-	504,462
<i>Fund Cash Balances, December 31</i>	<u>\$ 528,836</u>	<u>\$ 639,234</u>	<u>\$ 63,326</u>	<u>\$ 1,231,396</u>

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

**VILLAGE OF SYCAMORE  
WYANDOT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,811,974
<i>Total Operating Cash Receipts</i>	<i>1,811,974</i>
<b>Operating Cash Disbursements</b>	
Personal Services	168,320
Employee Fringe Benefits	86,179
Contractual Services	1,219,927
Supplies and Materials	106,054
Other	3,550
<i>Total Operating Cash Disbursements</i>	<i>1,584,030</i>
<i>Operating Income</i>	<i>227,944</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	2,362
Miscellaneous Receipts	60,101
Capital Outlay	(32,181)
Principal Retirement	(86,061)
Interest and Other Fiscal Charges	(70,545)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(126,324)</i>
<i>Income before Transfers</i>	<i>101,620</i>
Transfers In	10,549
<i>Net Change in Fund Cash Balances</i>	<i>112,169</i>
<i>Fund Cash Balances, January 1 (Restated - See Note 17)</i>	<i>735,924</i>
<i>Fund Cash Balances, December 31</i>	<b><i>\$ 848,093</i></b>

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

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**Note 1 – Reporting Entity**

The Village of Sycamore (the Village), Wyandot County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including water, sewer and electric utilities, swimming pool and park operations and emergency medical services. The Village contracts with Wyandot County Sheriff's department to provide security of persons and property.

**Public Entity Risk Pools**

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. 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**

**Basis of Presentation**

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**Fund Accounting**

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** - The General Fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has the following significant Special Revenue Funds:

**Street Construction, Maintenance and Repair Fund** – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets within the Village.

**Fire Fund** – The Fire Fund accounts for and reports money from a levy and charges for services to cover the costs of providing fire protection services.

**Ambulance Fund** – The Ambulance Fund accounts for and reports money from a levy and charges for services to cover the costs of providing emergency medical services.



**VILLAGE OF SYCAMORE**  
WYANDOT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Capital Project Funds** - These funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Fund:

**Storm Sewer Fund** – The Storm Sewer Fund accounts for and receives charges for services funding to construct storm sewer drains.

**Enterprise Funds** - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Operating Fund** – The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Electric Operating Fund** – The Electric Operating Fund accounts for the provision of electric distribution to the residents and commercial users located within the Village.

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Budgetary Process**

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

**Appropriations** – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2017 budgetary activity appears in Note 4.

**VILLAGE OF SYCAMORE**  
WYANDOT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Deposits and Investments***

The Village'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.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** – Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** – Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

**Note 3 – Compliance**

Contrary to Ohio law, expenditures exceeded appropriations in the Electric Fund.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 274,900	\$ 362,994	\$ 88,094
Special Revenue	264,274	289,140	24,866
Capital Projects	50,400	58,302	7,902
Enterprise	1,784,800	1,884,986	100,186
Total	\$ 2,374,374	\$ 2,595,422	\$ 221,048

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 274,900	\$ 208,421	\$ 66,479
Special Revenue	746,718	256,275	490,443
Capital Projects	75,021	19,597	55,424
Enterprise	1,912,458	1,772,817	139,641
Total	\$ 3,009,097	\$ 2,257,110	\$ 751,987

**Note 5 - Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

Demand deposits	\$ 2,079,489
Total deposits	\$ 2,079,489

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**VILLAGE OF SYCAMORE**  
WYANDOT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

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**Note 6 – Taxes**

***Property Taxes***

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

Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 – Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Financial Position**

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

**Note 7 – Risk Management (Continued)**

	<u><b>2017</b></u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$31,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u><b>2017 Contributions to PEP</b></u> <b>\$49,025</b>
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Several Village Council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

**Note 9 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1% of the employer contribution to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest</u>
2012 Sanitary Sewer System Revenue Bonds	\$ 1,145,000	2.00%
OWDA - 4043 Storm Sewer Improvements	85,744	4.66%
OPWC - CT65F Sycamore Storm Sewer Improvements	38,406	0.00%
Water Plant Line Loan	33,263	6.00%
2014 USDA Rural Development Loan	990,400	2.50%
Fire Truck Loan	6,569	2.50%
	<u>\$ 2,299,382</u>	

During 1994, through an agreement with the United States Department of Agriculture, the Village issued bonds for sanitary sewer system repairs. The bond was due in annual installments of varying amounts through 2034, bearing interest at 5.25%. During 2012, the Village refinanced these bonds in the amount of \$1,415,000. The bond issue is held by BNY Mellon. The debt is backed by the full faith and credit of the Village, and revenues from utilities are used to retire the debt. The Village makes required principal and interest payments on an annual basis.

The OWDA Loan #4043 relates to the Storm Sewer Improvement project in 2004. The loan will be repaid in semiannual installments of \$7,721, over 20 years.

The OPWC Loan #CT65F related to the Sycamore Storm Sewer Improvements project in 2006. The loan will be repaid in semiannual installments of \$2,134, over 20 years.

The Village entered into an agreement with First National Bank of Sycamore in 2008 for the Water Plant Line Loan. The loan will be repaid in monthly installments of \$645, over 14 years.

The USDA Rural Development Loan was obtained to retire OWDA Loan #6493 that was obtained as interim financing for the new water treatment plant project. The Village repaid the OWDA Loan in 2014. The USDA Loan will be repaid over 30 years. The Village has agreed to set utility rates sufficient to cover USDA Rural Development debt service requirements. The USDA Rural Development Loan includes a covenant requiring the Village to establish and fund a debt service reserve fund. The Village did not establish this fund as of December 31, 2016.

The Village entered into an agreement with First National Bank of Sycamore in 2014 for a Fire Truck Loan. The loan will be repaid in monthly installments of \$445 over 5 years.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

**Note 10 – Debt (Continued)**

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

Year ending December 31:	Sewer Bonds	OWDA #4043	OPWC #CT65F
2018	\$ 96,873	\$ 14,895	\$ 4,267
2019	100,305	14,972	4,267
2020	98,595	15,053	4,267
2021	101,885	15,138	4,267
2022	100,033	15,227	4,267
2023-2027	493,843	23,016	17,071
2028-2032	494,198	-	-
2033	547,805	-	-
Total	<u>\$ 2,033,537</u>	<u>\$ 98,301</u>	<u>\$ 38,406</u>

  

Year ending December 31:	Water Plant Line Loan	2014 USDA Bonds	Fire Truck Loan
2018	\$ 7,736	\$ 50,860	\$ 5,341
2019	7,736	50,908	1,336
2020	7,736	50,938	-
2021	7,736	50,850	-
2022	7,736	50,848	-
2023-2027	-	254,458	-
2028-2032	-	254,445	-
2033-2037	-	254,342	-
2038-2042	-	254,413	-
2043-2044	-	101,793	-
Total	<u>\$ 38,680</u>	<u>\$ 1,373,855</u>	<u>\$ 6,677</u>

**Note 11 – AMPGS (81 Members)**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project.

Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station (“AMPGS”), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation (“Bechtel”), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS (“AMPGS Participants”) voted to cease development of AMPGS as a coal fired project.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

**VILLAGE OF SYCAMORE**  
WYANDOT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

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**Note 11 – AMPGS (81 Members) (Continued)**

Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$616 and interest expense incurred on AMP's line of credit is \$1,911, resulting in a net impaired cost estimate at December 31, 2017 of \$41,361. The Village does have a potential PHFU Liability of \$14,199 resulting in a net total potential liability of \$55,560, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to absorb these costs.

**Note 12 – Combined Hydroelectric Projects (79 Members)**

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "*Combined Hydroelectric Projects*"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 200 kW or 0.10% of capacity and associated energy from the hydro facilities.

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the "*Combined Hydroelectric Bonds*"), in an original aggregate principal amount of \$2,354,485,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2017, \$2,150,625,294 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$126.9 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

In August 2017, AMP filed a lawsuit against Voith Hydro, Inc. ("*Voith*"), the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project (as hereinafter defined).

**Note 13 – Greenup Hydroelectric Project (47 Members)**

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the "*AMP Interest*") in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the "*2016 Greenup Bonds*") and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2017, \$125,630,000 aggregate principal amount of the 2016 Greenup Bonds were outstanding under the indenture securing the 2016 Greenup Bonds.



**VILLAGE OF SYCAMORE**  
WYANDOT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

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**Note 13 – Greenup Hydroelectric Project (47 Members) (Continued)**

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 20kW or 0.06% of capacity and associated energy from the Greenup hydro facilities.

**Note 14 – Meldahl Hydroelectric Project (48 Members)**

AMP owns and, together with the City of Hamilton, Ohio, an AMP Member, developed and constructed a 108.8 MW, three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the “*Meldahl Project*”). The Meldahl Project is operated by the City of Hamilton.

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds (“*Meldahl Bonds*”) in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2017, \$694,280,000 aggregate principal amount of the Meldahl Bonds and approximately \$15 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Meldahl Bonds.

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 30 kW or 0.03% of capacity and associated energy from the Meldahl Project.

**Note 15 – Prairie State Energy Campus (68 Members)**

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the “*PSEC Ownership Interest*”) in the Prairie State Energy Campus (“*PSEC*”), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (“*AMP 368 LLC*”). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “*Initial Prairie State Bonds*”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds (the “*Prairie State Refunding Bonds*” and, together with the Initial Prairie State Bonds, the “*Prairie State Bonds*”) to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. December 31, 2017, AMP had \$1,552,270,000 aggregate principal amount of Prairie State Bonds outstanding.

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 299 kW or 0.08% of capacity and associated energy from the Prairie State facility.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the “*Prairie State Power Sales Contract*”) with 68 Members (the “*Prairie State Participants*”). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
*(Continued)*

**Note 16 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 17 – Prior Period Adjustments**

We made the following adjustments to the January 1, 2017 beginning fund balances:

	General	Special Revenue	Enterprise
Fund Balances at December 31, 2016	\$ 419,217	\$ 560,627	\$ 736,422
Adjustment for timing difference between proposal and posting for adjustment to the Income Tax Fund.	(45,234)	45,234	-
Adjustment for insufficient funds receipts	-	-	(536)
Adjustment for voided checks	280	508	38
Restated Fund Balances at January 1, 2017	<u>\$ 374,263</u>	<u>\$ 606,369</u>	<u>\$ 735,924</u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

May 24, 2019

Village of Sycamore  
Wyandot County  
PO Box 279  
Sycamore, OH 44882

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Sycamore**, Wyandot County (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 24, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Village'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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2018-002 and 2018-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 24, 2019.

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF SYCAMORE**  
WYANDOT COUNTY  
*SCHEDULE OF AUDIT FINDINGS*  
*FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017*

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2018-001**

**Material Weakness**

**Posting Receipts, Disbursements and Classification of Fund Balances**

Accurate financial reporting is the responsibility of the Clerk-Treasurer and is essential to ensure information provided to the readers of the financial statements is accurate. Receipts and disbursements should be posted to the appropriate classification per the Village Officer's Handbook. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

During 2018 and 2017, the following errors were noted:

- A prior period adjustment was posted by the Village in 2018 for KWH tax that was previously recorded during 2017 in the General and Electric Funds;
- Rollback receipts were posted as Property and Other Local Taxes instead of Intergovernmental in the General and Fire Funds in 2018 and 2017;
- A fire truck debt payment was incorrectly posted to the Water Fund and a water plant debt payment was incorrectly posted to the Fire Fund in 2018;
- Funds received from the McCutcheonville Volunteer Fire Department merger were posted as Miscellaneous instead of Extraordinary Item in the Fire Fund in 2018;
- The Village posted a transfer between the General and Electric Funds to correct 2017 KWH tax receipt postings instead of posting it as an adjustment to receipts in both funds;
- Sale of a truck was posted as Miscellaneous instead of Sale of Fixed Assets in the Fire Fund in 2017;
- State highway, excise tax and MLVR receipts were not distributed properly between the Street Construction, Maintenance and Repair and State Highway Funds in 2017;
- A portion of a principal payment was posted as Interest and Fiscal Charges instead of Principal Retirement in the Water Fund in 2017;
- A portion of a principal payment was posted as Community Environment instead of Principal Retirement in the Stormsewer Fund in 2017;
- Subsequent appropriations were misclassified as Unassigned instead of Assigned in the General Fund in 2017.

Not posting receipts or disbursements or classifying fund balances accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. The Village is in agreement with the adjustments and has posted them to its accounting system. Additional errors noted in immaterial amounts, both individually and in the aggregate by fund type, were included on the summary of unadjusted differences.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We also recommend the Village refer to the Ohio Village Handbook for guidance to determine the proper posting of receipts and disbursements and refer to the Auditor of State Technical Bulletin 2011-004 for assistance in classifying fund balances.

**Officials' Response:** The Village did not respond to this finding.

**VILLAGE OF SYCAMORE**  
*WYANDOT COUNTY*  
**SCHEDULE OF AUDIT FINDINGS**  
*FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017*

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING 2018-002**

**Material Weakness/Noncompliance**

**Budgetary Controls**

The budget is an instrument of public policy. A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Revised Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law, which although they do not in and of themselves result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations) in the Electric Fund in 2017;
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds in 2018 and 2017;
- Appropriations and Estimated Resources were not reconciled to the accounting system in 2018 and 2017.

This resulted in incorrect amounts posted to the accounting system and information available to the Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the County Budget Commission and Council after each amendment. Council does not monitor for budgetary compliance. Although Council approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure budgetary forms are properly completed or submitted to the County Budget Commission.

Council should review the requirements of Ohio Revised Code Section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure that ensures budgetary monitoring.

**Officials' Response:** The Village did not respond to this finding.

**VILLAGE OF SYCAMORE**  
*WYANDOT COUNTY*  
**SCHEDULE OF AUDIT FINDINGS**  
*FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017*

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING 2018-003**

**Noncompliance**

**Ohio Revised Code Section 5705.09** requires, in part, each subdivision to establish bond reserve and sinking funds for the retirement of serial bonds, notes, or certificates of indebtedness. It further requires each subdivision to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

During our review of the ledgers and annual financial reports, we noted the Village did establish the Sanitary Sewer System Revenue Bond and Interest Reserve Fund and carried a balance of \$60,000 transferred from the proceeds of the bonds in 2014. However, the Village did not receipt monthly transfers of \$850 into the fund to meet the minimum reserve balance of \$97,000, per the bond agreement. The Village also did not establish the Sanitary Sewer System Revenue Bond and Interest Sinking Fund to receive monthly transfers of 1/12 of the principal due on the next principal payment date and 1/6 of the interest due on the next interest payment date. We also noted the Village did not establish the Water System Mortgage Revenue Bond and Interest Sinking Fund to repay its Series 2014 Water System Mortgage Revenue Bonds, per the bond agreement. Failing to establish proper funds could result in restricted monies being used for illegal purposes and increases the likelihood that errors could occur and remain undetected.

We also noted that the Village maintained a FEMA Fund for a project that had been completed in a prior period. At December 31, 2018, the FEMA Fund held a balance of \$2,559.

We recommend the Village establish all required funds and post money received only to funds consistent with the money's intended purpose. New funds established should be approved by Council by resolution and documented in the minutes. We also recommend the Village eliminate it's FEMA Fund, as the project is no longer ongoing, and transfer the remaining balance to the fund that originally paid the expenditures related to its FEMA project.

**Officials' Response:** The Village did not respond to this finding.

**VILLAGE OF SYCAMORE**  
**WYANDOT COUNTY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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Finding Number	Finding Summary	Status	Additional Comments
2016-001	Posting Receipts and Disbursements	Partially Corrected	Repeated as Finding 2018-001
2016-002	Budgetary Controls	Partially Corrected	Repeated as Finding 2018-002
2016-003	Ohio Revised Code Section 5705.09 – Failure to Establish Required Funds	Not Corrected	Repeated as Finding 2018-003



# OHIO AUDITOR OF STATE KEITH FABER



**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  
OCTOBER 1, 2019**