

PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Sycamore
P. O. 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, 2021 through December 31, 2022. 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

January 02, 2024

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VILLAGE OF SYCAMORE
WYANDOT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2022	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2022	5
Notes to the Financial Statements For the Year Ended December 31, 2022	6
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021	17
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2021	18
Notes to the Financial Statements For the Year Ended December 31, 2021	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	30
Schedule of Findings.....	32
Summary Schedule of Prior Audit Findings	36

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Sycamore, Wyandot County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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 & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 10, 2023

**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, 2022**

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 86,809	\$ 18,146	\$ -	\$ 104,955
Municipal Income Tax	226,770	-	-	226,770
Intergovernmental	24,443	134,261	21,436	180,140
Charges for Services	6,179	210,717	26,491	243,387
Fines, Licenses and Permits	20	200	-	220
Earnings on Investments	1,527	574	-	2,101
Miscellaneous	26	31,776	-	31,802
<i>Total Cash Receipts</i>	<u>345,774</u>	<u>395,674</u>	<u>47,927</u>	<u>789,375</u>
Cash Disbursements				
Current:				
Security of Persons and Property	44,503	212,089	-	256,592
Public Health Services	3,337	-	-	3,337
Leisure Time Activities	3,542	-	-	3,542
Community Environment	-	-	15,331	15,331
Basic Utility Services	-	-	16,804	16,804
Transportation	-	70,457	-	70,457
General Government	148,782	361	-	149,143
Capital Outlay	-	437,230	17,437	454,667
Debt Service:				
Principal Retirement	-	19,218	18,190	37,408
Interest and Fiscal Charges	-	11,611	1,304	12,915
<i>Total Cash Disbursements</i>	<u>200,164</u>	<u>750,966</u>	<u>69,066</u>	<u>1,020,196</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>145,610</u>	<u>(355,292)</u>	<u>(21,139)</u>	<u>(230,821)</u>
Other Financing Receipts (Disbursements)				
Loans Issued	-	300,000	-	300,000
Sale of Capital Assets	1,000	18,480	-	19,480
Transfers In	-	45,192	33,894	79,086
Transfers Out	(90,385)	-	-	(90,385)
Other Financing Sources	-	1,138	-	1,138
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(89,385)</u>	<u>364,810</u>	<u>33,894</u>	<u>309,319</u>
<i>Net Change in Fund Cash Balances</i>	56,225	9,518	12,755	78,498
<i>Fund Cash Balances, January 1 (Restated - See Note 18)</i>	<u>628,682</u>	<u>854,924</u>	<u>169,934</u>	<u>1,653,540</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 684,907</u>	<u>\$ 864,442</u>	<u>\$ 182,689</u>	<u>\$ 1,732,038</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, 2022**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,815,870
<i>Total Operating Cash Receipts</i>	2,815,870
Operating Cash Disbursements	
Personal Services	195,509
Employee Fringe Benefits	108,021
Contractual Services	1,587,099
Supplies and Materials	186,051
Other	2,046
<i>Total Operating Cash Disbursements</i>	2,078,726
<i>Operating Income (Loss)</i>	737,144
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	173
Capital Outlay	(25,007)
Principal Retirement	(101,177)
Interest and Other Fiscal Charges	(57,276)
Other Financing Sources	2,432
<i>Total Non-Operating Receipts (Disbursements)</i>	(180,855)
<i>Income (Loss) before Transfers</i>	556,289
Transfers In	27,519
Transfers Out	(16,221)
<i>Net Change in Fund Cash Balances</i>	567,587
<i>Fund Cash Balances, January 1 (Restated - See Note 18)</i>	804,112
<i>Fund Cash Balances, December 31</i>	\$ 1,371,699

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

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 water and sewer utilities and park operations. The Village contracts with the Wyandot County Sheriff's department to provide security of persons and property.

Public Entity Risk Pool

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 fund types, which are all 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 revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license 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 services.

Ambulance Fund The ambulance fund accounts for and reports money from charges for services to cover the costs of providing ambulance 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 project funds:

Storm Sewer Fund The storm sewer fund receives charges for services funding to construct storm sewer drains.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 treatment and distribution to the residents and commercial users 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (C) 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, or 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 individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2022 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, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 16.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 325,663	\$ 346,774	\$ 21,111
Special Revenue	359,204	760,484	401,280
Capital Projects	-	81,821	81,821
Enterprise	2,302,300	2,845,994	543,694
Total	\$ 2,987,167	\$ 4,035,073	\$ 1,047,906

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 391,663	\$ 290,549	\$ 101,114
Special Revenue	1,161,876	750,966	410,910
Capital Projects	75,937	69,066	6,871
Enterprise	2,807,590	2,278,407	529,183
Total	\$ 4,437,066	\$ 3,388,988	\$ 1,048,078

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2022
Demand deposits	\$ 3,103,487
Total deposits	3,103,487
Cash on Hand	250
Total	\$ 3,103,737

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit 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, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Risk Management

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$ 15,724,479

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
2012 Sanitary Sewer System Revenue Bonds	\$ 840,000	2.85%
Ohio Water Development Authority #4043	22,124	4.66%
Ohio Public Works Commission #CT65F	17,069	0.00%
2014 USDA Rural Development Loan	853,100	2.50%
First State Bank Sutphen Pumper Lease Purchase	280,782	3.29%
Total	\$ 2,013,075	

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

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 and will be repaid in annual installments over 20 years. The final payment will be due December 1, 2032. The bond issued 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 bond. The Village has set utility rates sufficient to cover the revenue bond requirements.

As required by the Sewer System Bond covenant, the Village has established and funded a Sewer Revenue Bond and Interest Reserve Fund, included as enterprise funds. From the proceeds of the bonds, \$60,000 was transferred into this fund as required. There also shall be set aside and deposited in the Reserve Fund, the sum of \$850 each month until there is accumulated in such fund the sum of \$97,000 (the minimum reserve). The balance in the fund as of December 31, 2022, was \$70,200. The Village also established the required Sinking Fund, but it had no activity during 2022.

During 2004, the Village entered into a loan agreement with Ohio Water Development Authority (OWDA #4043) for storm sewer improvements. The original amount of the loan was \$183,388. The loan will be repaid in semiannual installments of \$7,721, over 20 years. Payments on the outstanding balance began in 2004 and the final installment will be due January 1, 2024. The Village has set utility rates sufficient to cover the loan requirements.

During 2006, the Village entered into a loan agreement with Ohio Public Works Commission (OPWC #CT65F) for storm sewer improvements. The original amount of the loan was \$85,345. The loan will be repaid in semiannual installments of \$2,134 over 20 years. Payments on the outstanding balance began in 2007 and the final installment will be due July 1, 2026. The Village has set utility rates sufficient to cover the loan requirements.

During 2008, the Village entered into an agreement with First National Bank of Sycamore for the Water Plant Line Loan. The original amount of the loan was \$73,079. The loan will be repaid in semiannual installments of \$645, over 13 years. Payments on the outstanding balance began in 2009 and the loan was repaid in full in 2022.

During 2014, the Village entered into a loan agreement with the United States Department of Agriculture (USDA) to retire OWDA Loan #6493 obtained for the new water treatment plant. The loan in the amount of \$1,415,000 and will be repaid in annual installments over 20 years. The final payment will be due December 1, 2032. The Village has set utility rates sufficient to cover the loan requirements.

As required by the debt covenant, the Village established the Water Revenue Bond and Interest Sinking Fund and Water Reserve Interest Sinking Fund, included as enterprise funds. The balance in the Water Revenue Bond and Interest Sinking Fund as of December 31, 2022, was \$6,021. The Village established the Water Reserve Interest Sinking Fund, but it had no activity during 2022.

During 2022, the Village entered into a lease/purchase agreement with First State Bank to purchase a Sutphen Pumper Fire Truck. The lease/purchase will be paid in annual installments of \$30,828, over 12 years, and payments will be made from the Fire Fund.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	Sewer Bonds	OWDA #4043	OPWC #CT65F	USDA Rural Development	First State Bank Sutphen Pumper
2023	\$ 98,180	\$ 15,320	\$ 4,267	\$ 50,928	\$ 30,828
2024	100,613	7,696	4,267	50,888	30,828
2025	97,848	-	4,267	50,830	30,828
2026	100,083	-	4,268	50,955	30,828
2027	97,120	-	-	50,858	30,828
2028-2032	547,804	-	-	254,445	154,142
2033-2037	-	-	-	254,343	30,828
2038-2042	-	-	-	254,413	-
2043-2044	-	-	-	101,790	-
Total	<u>\$ 1,041,648</u>	<u>\$ 23,016</u>	<u>\$ 17,069</u>	<u>\$ 1,119,450</u>	<u>\$ 339,110</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. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 300 kilowatts of a total 771,281 kilowatts, giving the Village a 0.04 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired, and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$52,401. The Village received a credit of \$13,567 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$38,834. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. The Village will begin making payments to AMP in 2015. During 2014, the Village made no payments to AMP toward its net impaired cost estimate. The net impaired cost estimate as of December 31, 2022, was \$61,676.

The Village intends to recover these costs and repay AMP over the next 5 years through a power cost adjustment.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 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, 2022, \$2,095,038,235 aggregate principal amount of the Combined Hydroelectric Bonds were outstanding under the indenture securing the Combined Hydroelectric Bonds. In August 2017, AMP filed 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). In the lawsuit, AMP alleges, among other things, that Voith failed to deliver equipment on a timely basis and that certain equipment delivered was materially defective, causing significant delays. AMP has alleged proven damages of at least \$40 million. On October 16, 2017, Voith filed its answer, denying each of AMP's claims, and asserting two counterclaims seeking the payment of amounts it claims are due under the contract, amounts currently held by AMP as purported liquidated damages and \$40 million in damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

On February 1, 2023, AMP and Voith executed a Settlement Agreement and Mutual Release resolving all claims between the parties, and the Court dismissed the case with prejudice. Pursuant to the terms of the Settlement Agreement and Mutual Release: Voith will provide to AMP, at Voith's cost, certain equipment, parts, and services; AMP will make payments to Voith totaling \$25 million; and the future purchase and sale of goods and services for the Projects will be governed by agreed-upon terms and conditions.

Resolution of the claims pursuant to the Settlement Agreement and Mutual Release will not result in an impact that is material to the financial condition of AMP, the Projects, or the Participants in either of the Projects.

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 (except for 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 30, 2022, \$118,760,000 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.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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. 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 Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from the amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2022, \$643,965,000 aggregate principal amount of the Meldahl Bonds 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 related 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 the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of December 31, 2022, AMP had \$1,345,725,000 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.

Note 15 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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 16 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Village had no outstanding encumbrances.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 16 – Fund Balances (Continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 17 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 18 – Restatement of Prior Period Fund Balances

The Village cancelled checks that were outstanding and reissued new checks. The following adjustments are reflected in the January 1, 2022 fund balances:

	Special Revenue	Enterprise
December 31, 2021 Fund Balances	\$ 854,804	\$ 803,767
Adjustment for Voided Checks	120	345
Adjusted January 1, 2022 Fund Balances	\$ 854,924	\$ 804,112

**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, 2021**

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 122,475	\$ 19,371	\$ -	\$ 141,846
Municipal Income Tax	219,787	-	-	219,787
Intergovernmental	17,457	121,678	-	139,135
Charges for Services	4,631	201,371	26,681	232,683
Fines, Licenses and Permits	60	-	-	60
Earnings on Investments	1,395	486	-	1,881
Miscellaneous	40,001	80,618	2,057	122,676
<i>Total Cash Receipts</i>	<u>405,806</u>	<u>423,524</u>	<u>28,738</u>	<u>858,068</u>
Cash Disbursements				
Current:				
Security of Persons and Property	33,130	148,128	-	181,258
Public Health Services	2,897	-	-	2,897
Leisure Time Activities	3,880	-	-	3,880
Community Environment	-	-	8,335	8,335
Basic Utility Services	-	-	11,354	11,354
Transportation	-	94,561	-	94,561
General Government	141,020	654	-	141,674
Capital Outlay	-	265,611	8,344	273,955
Debt Service:				
Principal Retirement	-	-	15,429	15,429
Interest and Fiscal Charges	-	-	1,842	1,842
<i>Total Cash Disbursements</i>	<u>180,927</u>	<u>508,954</u>	<u>45,304</u>	<u>735,185</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>224,879</u>	<u>(85,430)</u>	<u>(16,566)</u>	<u>122,883</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	43,958	32,968	76,926
Transfers Out	(87,915)	-	-	(87,915)
Other Financing Uses	(6,560)	(8,230)	-	(14,790)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(94,475)</u>	<u>35,728</u>	<u>32,968</u>	<u>(25,779)</u>
<i>Net Change in Fund Cash Balances</i>	130,404	(49,702)	16,402	97,104
<i>Fund Cash Balances, January 1 (Restated - See Note 18)</i>	<u>498,278</u>	<u>904,506</u>	<u>153,532</u>	<u>1,556,316</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 628,682</u>	<u>\$ 854,804</u>	<u>\$ 169,934</u>	<u>\$ 1,653,420</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, 2021**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,296,179
<i>Total Operating Cash Receipts</i>	2,296,179
Operating Cash Disbursements	
Personal Services	205,829
Employee Fringe Benefits	106,242
Contractual Services	1,768,548
Supplies and Materials	183,369
Other	8,839
<i>Total Operating Cash Disbursements</i>	2,272,827
<i>Operating Income (Loss)</i>	23,352
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	81,641
Capital Outlay	(40,922)
Principal Retirement	(100,173)
Interest and Other Fiscal Charges	(60,385)
Other Financing Sources	150
<i>Total Non-Operating Receipts (Disbursements)</i>	(119,689)
<i>Income (Loss) before Transfers</i>	(96,337)
Transfers In	10,989
<i>Net Change in Fund Cash Balances</i>	(85,348)
<i>Fund Cash Balances, January 1</i>	889,115
<i>Fund Cash Balances, December 31</i>	\$ 803,767

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

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 water and sewer utilities and park operations. The Village contracts with the Wyandot County Sheriff's department to provide security of persons and property.

Public Entity Risk Pool

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 fund types, which are all 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 revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license 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 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 project fund:

Storm Sewer Fund The storm sewer fund receives charges for services funding to construct storm sewer drains.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 treatment and distribution to the residents and commercial users 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (C) 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, or 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 individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2021 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, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 16.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 391,945	\$ 405,806	\$ 13,861
Special Revenue	450,168	467,482	17,314
Capital Projects	56,550	61,706	5,156
Enterprise	2,183,138	2,388,959	205,821
Total	\$ 3,081,801	\$ 3,323,953	\$ 242,152

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 391,945	\$ 275,402	\$ 116,543
Special Revenue	1,262,512	517,184	745,328
Capital Projects	56,550	45,304	11,246
Enterprise	2,804,104	2,474,307	329,797
Total	\$ 4,515,111	\$ 3,312,197	\$ 1,202,914

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
Demand deposits	\$ 2,456,937
Total deposits	2,456,937
Cash on Hand	250
Total	\$ 2,457,187

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit 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, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Risk Management

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$ 14,974,099

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
2012 Sanitary Sewer System Revenue Bonds	\$ 905,000	2.85%
Ohio Water Development Authority #4043	36,046	4.66%
Ohio Public Works Commission #CT65F	21,336	0.00%
2014 USDA Rural Development Loan	881,900	2.50%
Water Plant Line Loan	7,377	6.00%
Total	\$ 1,851,659	

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 and will be repaid in annual installments over 20 years. The final payment will be due December 1, 2032. The bond issued 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 bond. The Village has set utility rates sufficient to cover the revenue bond requirements.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9– Debt (Continued)

As required by the Sewer System Bond covenant, the Village has established and funded a Sewer Revenue Bond and Interest Reserve Fund, included as enterprise funds. From the proceeds of bonds, \$60,000 was transferred into this fund as required. There also shall be set aside and deposited in the Reserve Fund, the sum of \$850 each month until there is accumulated in such fund the sum of \$97,000 (the minimum reserve). The balance in the fund as of December 31, 2021, was \$60,000, but no monthly transfers of \$850 have been made as required by the covenant. The Village has also established the required Sinking Fund, but the fund had no activity during 2021.

During 2004, the Village entered into a loan agreement with Ohio Water Development Authority (OWDA #4043) for storm sewer improvements. The original amount of the loan was \$183,388. The loan will be repaid in semiannual installments of \$7,721, over 20 years. Payments on the outstanding balance began in 2004 and the final installment will be due January 1, 2024. The Village has set utility rates sufficient to cover the loan requirements.

During 2006, the Village entered into a loan agreement with Ohio Public Works Commission (OPWC #CT65F) for storm sewer improvements. The original amount of the loan was \$85,345. The loan will be repaid in semiannual installments of \$2,134 over 20 years. Payments on the outstanding balance began in 2007 and the final installment will be due July 1, 2026. The Village has set utility rates sufficient to cover the loan requirements.

During 2008, the Village entered into an agreement with First National Bank of Sycamore for the Water Plant Line Loan. The original amount of the loan was \$73,079. The loan will be repaid in semiannual installments of \$645, over 13 years. Payments on the outstanding balance began in 2009 and final installments will be due December 31, 2022. The Village has set utility rates sufficient to cover the loan requirements.

During 2014, the Village entered into a loan agreement with the United States Department of Agriculture (USDA) to retire OWDA Loan #6493 obtained for the new water treatment plant. The loan in the amount of \$1,415,000 and will be repaid in annual installments over 20 years. The final payment will be due December 1, 2032. The Village has set utility rates sufficient to cover the loan requirements.

As required by the debt covenant, the Village established the Water Revenue Bond and Interest Sinking Fund and Water Reserve Interest Sinking Fund, included as enterprise funds. As of December 31, 2021, the Village has not used the funds as required.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9– Debt (Continued)

Amortization

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

Year Ending December 31:	Sewer Bonds	OWDA #4043	OPWC #CT65F	USDA Rural Development	Water Plant Line Loan
2022	\$ 100,032	\$ 15,227	\$ 4,267	\$ 50,848	\$ 7,626
2023	98,180	15,320	4,267	50,928	-
2024	100,613	7,696	4,267	50,888	-
2025	97,848	-	4,267	50,830	-
2026	100,083	-	4,268	50,955	-
2027-2031	494,198	-	-	254,330	-
2032-2036	150,726	-	-	254,495	-
2037-2041	-	-	-	254,400	-
2042-2044	-	-	-	152,624	-
Total	<u>\$ 1,141,680</u>	<u>\$ 38,243</u>	<u>\$ 21,336</u>	<u>\$ 1,170,298</u>	<u>\$ 7,626</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. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 300 kilowatts of a total 771,281 kilowatts, giving the Village a 0.04 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired, and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$52,401. The Village received a credit of \$13,567 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$38,834. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. The Village will begin making payments to AMP in 2015. During 2014, the Village made no payments to AMP toward its net impaired cost estimate. The net impaired cost estimate as of December 31, 2021, was \$60,282.

The Village intends to recover these costs and repay AMP over the next 5 years through a power cost adjustment.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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, 2021, \$2,119,182,647 aggregate principal amount of the Combined Hydroelectric Bonds and \$4,175,084 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 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). In the lawsuit, AMP alleges, among other things, that Voith failed to deliver equipment on a timely basis and that certain equipment delivered was materially defective, causing significant delays. AMP has alleged proven damages of at least \$40 million. On October 16, 2017, Voith filed its answer, denying each of AMP's claims, and asserting two counterclaims seeking the payment of amounts it claims are due under the contract, amounts currently held by AMP as purported liquidated damages and \$40 million in damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith. As part of the initial disclosures, AMP listed 70 potential witnesses and \$90 million in gross damages, while Voith listed over 100 potential witnesses and \$65 million in gross damages. A scheduling order has been established which provides for an October 31, 2022, trial date.

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 (except for 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 30, 2021, \$120,600,000 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.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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. 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 Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from the amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2021, \$655,050,000 aggregate principal amount of the Meldahl Bonds 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 related 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 the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of December 31, 2021, AMP had \$1,413,165,000 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.

Note 15 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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 16 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Village had no outstanding encumbrances.

Village of Sycamore, Ohio
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 16 – Fund Balances (Continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 17– COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 18 – Restatement of Prior Period Fund Balances

The Village cancelled checks that were outstanding and reissued new checks. The following adjustments are reflected in the January 1, 2021 fund balances:

	<u>Special Revenue</u>
December 31, 2020 Fund Balances	\$ 904,386
Adjustment for Voided Checks	120
Adjusted January 1, 2021 Fund Balances	<u>\$ 904,506</u>

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

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

To the Village Council:

We have audited, 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Sycamore, Wyandot County, (the Village) and have issued our report thereon dated October 10, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2022-001 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 the deficiencies described in the accompanying schedule of findings as items 2022-003 and 2022-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of audit findings as items 2022-002 through 2022-004.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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

October 10, 2023

VILLAGE OF SYCAMORE
WYANDOT COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2022-001

Material Weakness

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were noted in the financial statements:

- Debt proceeds and related capital outlay disbursements within the Fire Fund were not recorded in 2022.
- A portion of a property tax settlement receipt was posted to the General Fund instead of the Fire Fund in 2022.
- A disbursement within the Ambulance Fund was classified as Security of Persons and Property instead of Capital Outlay in 2022.
- OPWC pass through grant receipt and related disbursement within the Storm Sewer Fund were not recorded in 2022.
- OPWC pass through grant receipt within the Storm Sewer Fund was classified as Miscellaneous instead of Intergovernmental in 2022.
- A debt payment within the Water Operating Fund was not allocated properly between Principal Retirement and Interest and Fiscal Charges in 2022.
- A disbursement within the Fire Fund was classified as Security of Persons and Property instead of Capital Outlay in 2021.
- A disbursement within the Storm Sewer Fund was classified as Community Environment instead of Capital Outlay in 2021.
- A disbursement within the Electric Operating Fund was classified as Supplies & Materials instead of Capital Outlay in 2021.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification and adjusting entries. The financial statements reflect all reclassifications and adjustments. The Village has made these adjustments to their accounting system. In addition to the errors noted above, we also identified additional misstatements ranging from \$752 to \$3,247 that we have brought to the Village's attention.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to the Council making misinformed decisions.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Village Council, to help identify and correct errors and omissions.

Officials' Response: We did not receive a response from Officials to this finding.

VILLAGE OF SYCAMORE
WYANDOT COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2022-002

Noncompliance

Sewer System Refunding Bonds Series 2012 Section 6(B)(2) provides, in part, "After the transfer required [by Section 6(B)(1)], there shall be transferred each month from the Revenue Fund before any other expenditures or transfers therefrom, and deposited in the Sanitary Sewer System Revenue Bond and Interest Sinking fund (the Sinking Fund), which such fund is hereby established for payment of principal and interest on the bonds, a sum equal to at least 1/12 (or such larger amount as is necessary) of the principal due on the next principal payment date and 1/6 of the interest due on the next interest payment date."

Section 6(B)(3) further states that, "from the proceeds of bonds, there shall be transferred therefrom the amount of \$60,000 into the Reserve Fund for these bonds. Out of the balance of income and revenue of the System after the transfers required have been made, there shall be set aside and deposited in the Reserve Fund, which such fund is hereby established, the sum of \$850 each month until there is accumulated in such fund the sum of \$97,000 (the Minimum Reserve), after which no further deposits need be made into such fund except to replace withdrawals."

Water System Mortgage Revenue Bond, Series 2014 provides, in part, "this bond and the issue of which it is a part together with such additional bonds as may be issued on a parity therewith under the ordinance and a mortgage from the Village to the United States of America (the Mortgage) dated August 26, 2014, with interest thereon, are payable from and secured by and constitute a charge on the net revenues of the System and a mortgage upon all extensions and additions and improvements thereto subsequently constructed or acquired, out of which net revenues, there is to be deposited in the special utility fund designated "Water System Mortgage Revenue Bond and Interest Sinking Fund", a sum sufficient to pay the principal and interest on said bonds. This bond is payable only from said sinking fund."

Due to deficiencies in internal policies and control procedures, during 2022 and 2021 the following noncompliance was noted:

- The Village established the Sanitary Sewer System Revenue Bond and Interest Sinking (5742) 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. However, the Village does not maintain a balance. At December 31, 2022, the fund should have a balance of 1/12 (\$5,417) of the next year's principal of \$65,000 and 1/6 (\$2,919) of the interest due of \$17,516 based on the amortization schedule which would equal \$8,336.
- The Village established a Sanitary Sewer System Revenue Bond and Interest Reserve (5741) fund that carried a balance of \$60,000 transferred from the proceeds of the bonds in 2014. However, in 2021, the Village did not receipt monthly transfers of \$850 into the fund to meet the minimum reserve balance of \$97,200. The Village did make the monthly transfers into the fund during 2022 for that year only, making the balance of the fund \$70,200 as of December 31, 2022.
- The Village established the Water System Mortgage Revenue Bond and Interest Sinking (5743) fund and Water System Mortgage Reserve Interest Sinking (5744) fund. However, Bonds are repaid out of the Water Operating (5101) fund. No transfers were made to cover the principal / interest of said bonds or the reserve during 2021. During 2022, the Village transferred \$6,021 to the Water System Mortgage Revenue Bond and Interest Sinking (5743) fund.

VILLAGE OF SYCAMORE
WYANDOT COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2022-002 (Continued)

Failure to comply with debt covenant requirements could lead to a default on the debt. The Village shall comply with its debt covenants and resume funding its sanitary sewer reserve and use the Sanitary Sewer System Revenue Bond and Interest Sinking fund, Water System Mortgage Revenue Bond and Interest Sinking fund and Water System Mortgage Reserve Interest Sinking fund according to the bond agreements.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-003

Significant Deficiency/Noncompliance

Ohio Revised Code Section 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the 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. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

1. "Then and Now" Certificate – If the chief fiscal officer can certify both at the time that the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

VILLAGE OF SYCAMORE
WYANDOT COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2022-003 (Continued)

3. Super Blanket Certificate – The Village Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 36 of the 50 (72%) of the transactions tested at December 31, 2022, and 23 of the 46 (50%) transactions tested at December 31, 2021, were not certified at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-004

Significant Deficiency/Noncompliance

Ohio Revised Code Section 5727.81(A)(3) permits a municipal electric community to retain in its community general fund the kilowatt hour taxes collected from distribution customers served inside the city or village limits. The amount of the tax associated with inside customers must be allocated to the municipality's General Fund and municipality may retain the money in the General Fund.

The Village collected the tax in the General Fund for the portion of tax due from customers inside the Village limits. However, during 2021, the Village changed its utility software system and the amounts established in the system for kilowatt hour tax tiers were not set up correctly. This resulted in customers inside the Village being billed a lower amount than allowed for the kilowatt hour tax during 2021 and 2022 and a loss of potential revenue for the Village.

We recommend the Fiscal Officer works with the utility software system to correct the kilowatt hour tax tier to ensure the proper amount is being billed to each customer.

Officials' Response: We did not receive a response from Officials to this finding.

**VILLAGE OF SYCAMORE
WYANDOT COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Not Corrected	Repeated as Finding 2022-001
2020-002	Debt Covenants	Not Corrected	Repeated as Finding 2022-002
2020-003	Ohio Revised Code Section 5705.41(B)	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SYCAMORE

WYANDOT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/16/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov