

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Sycamore Township, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2010 through December 31, 2011. 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 Sycamore Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 20, 2012

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**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Trustees
Sycamore Township, Hamilton County, Ohio

We have audited the accompanying financial statements of Sycamore Township, Hamilton County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Township and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 1, the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2012, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Bastin & Company, LLC". The signature is written in a cursive style and is centered within a light gray rectangular box.

Cincinnati, Ohio
June 26, 2012

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 340,029	\$ 4,688,613	\$ -	\$ -	\$ 5,028,642
Charges for Services	9,920	566,370	-	-	576,290
Licenses, Permits, and Fees	329,139	-	-	-	329,139
Fines and Forfeitures	28,723	-	-	-	28,723
Payments in Lieu of Taxes	-	10,797,137	-	-	10,797,137
Intergovernmental	5,286,663	773,412	-	-	6,060,075
Special Assessments	-	-	-	54,137	54,137
Investment Income	390,375	(211,564)	-	-	178,811
Miscellaneous	1,174,379	31,218	-	-	1,205,597
	<u>7,559,228</u>	<u>16,645,186</u>	<u>-</u>	<u>54,137</u>	<u>24,258,551</u>
Cash Disbursements:					
Current:					
General Government	2,685,731	5,173,602	-	(34,672)	7,824,661
Public Safety	-	6,957,098	-	-	6,957,098
Public Works	299,642	929,689	-	59,476	1,288,807
Health	39,670	-	-	-	39,670
Conservation - Recreation	348,112	-	-	-	348,112
Other	-	-	6,074	-	6,074
Capital Outlay	119,545	5,245,762	-	21,727	5,387,034
Debt Service:					
Redemption of Principal	-	-	1,656,336	-	1,656,336
Interest and Other Fiscal Charges	-	-	1,067,176	-	1,067,176
	<u>3,492,700</u>	<u>18,306,151</u>	<u>2,729,586</u>	<u>46,531</u>	<u>24,574,968</u>
Total Receipts Over/(Under) Disbursements	<u>4,066,528</u>	<u>(1,660,965)</u>	<u>(2,729,586)</u>	<u>7,606</u>	<u>(316,417)</u>
Other Financing Receipts / (Disbursements):					
Transfers-In	-	50,000	2,901,812	-	2,951,812
Transfers-Out	(416,273)	(2,535,539)	-	-	(2,951,812)
	<u>(416,273)</u>	<u>(2,485,539)</u>	<u>2,901,812</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	3,650,255	(4,146,504)	172,226	7,606	(316,417)
Fund Cash Balances, January 1	<u>828,071</u>	<u>22,276,070</u>	<u>762,417</u>	<u>2,573,201</u>	<u>26,439,759</u>
Fund Cash Balances, December 31:					
Restricted	-	18,129,566	934,643	2,580,807	21,645,016
Assigned	998,665	-	-	-	998,665
Unassigned	3,479,661	-	-	-	3,479,661
Fund Cash Balances, December 31	<u>\$ 4,478,326</u>	<u>\$ 18,129,566</u>	<u>\$ 934,643</u>	<u>\$ 2,580,807</u>	<u>\$ 26,123,342</u>

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

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 345,703	\$ 4,760,204	\$ -	\$ -	\$ 5,105,907
Charges for Services	6,425	528,385	-	-	534,810
Licenses, Permits, and Fees	326,826	-	-	-	326,826
Fines and Forfeitures	4,939	-	-	-	4,939
Payments in Lieu of Taxes	-	9,582,348	-	-	9,582,348
Intergovernmental	2,202,463	1,333,566	-	-	3,536,029
Special Assessments	-	-	-	48,516	48,516
Investment Income	338,742	(239,670)	-	-	99,072
Miscellaneous	371,147	16,836	-	-	387,983
	<u>3,596,245</u>	<u>15,981,669</u>	<u>-</u>	<u>48,516</u>	<u>19,626,430</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	2,093,867	5,244,297	-	106,382	7,444,546
Public Safety	8,947	6,836,050	-	-	6,844,997
Public Works	489,035	1,098,929	-	59,495	1,647,459
Conservation - Recreation	297,448	-	-	-	297,448
Other	-	16,306	7,294	-	23,600
Capital Outlay	108,767	4,617,064	-	227,042	4,952,873
Debt Service:					
Redemption of Principal	-	-	1,532,598	-	1,532,598
Interest and Other Fiscal Charges	-	-	1,048,303	-	1,048,303
	<u>2,998,064</u>	<u>17,812,646</u>	<u>2,588,195</u>	<u>392,919</u>	<u>23,791,824</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>598,181</u>	<u>(1,830,977)</u>	<u>(2,588,195)</u>	<u>(344,403)</u>	<u>(4,165,394)</u>
Other Financing Receipts / (Disbursements):					
Sale of Bonds	-	-	-	2,000,000	2,000,000
Premium on Sale of Bonds	-	-	-	10,695	10,695
Proceeds from OPWC Loan	-	-	-	40,162	40,162
Bond Issuance Costs	-	-	-	(50,350)	(50,350)
Transfers-In	-	90,000	2,667,541	-	2,757,541
Transfers-Out	(388,536)	(2,369,005)	-	-	(2,757,541)
	<u>(388,536)</u>	<u>(2,279,005)</u>	<u>2,667,541</u>	<u>2,000,507</u>	<u>2,000,507</u>
Total Other Financing Receipts / (Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	209,645	(4,109,982)	79,346	1,656,104	(2,164,887)
Fund Cash Balances, January 1	<u>618,426</u>	<u>26,386,052</u>	<u>683,071</u>	<u>917,097</u>	<u>28,604,646</u>
Fund Cash Balances, December 31:					
Restricted	-	22,276,070	762,417	2,573,201	25,611,688
Assigned	132,525	-	-	-	132,525
Unassigned	695,546	-	-	-	695,546
	<u>828,071</u>	<u>22,276,070</u>	<u>762,417</u>	<u>2,573,201</u>	<u>26,439,759</u>
Fund Cash Balances, December 31					

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

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sycamore Township, Hamilton County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, park operations, fire protection and emergency medical services. The Township contracts with Hamilton County to provide police protection.

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

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool that provides various lines of insurance coverage to the Township. Note 8 to the financial statements provides additional information for this entity.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. Except for the recording of the change in market value of held investments as increases or decreases to investment earnings, the Township 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 Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales.

The Township values its investments at market value. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Police Fund - This fund receives property tax money and pays the contract with Hamilton County Sheriff's Department for police services and other costs associated with security of persons.

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

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

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following Debt Service Funds:

Kemper Road Service Fund - This fund is required by a trust agreement to maintain a minimum debt service reserve balance.

Kemper Road Debt Retirement Fund - This fund is used to account for the debt service requirements of financed infrastructure improvements in the vicinity of the Kemper Road TIF.

General Obligation Debt Service Fund - This fund is used to account for the debt service requirements on the Township's general obligation debt.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Kemper/Gold Coast/Deerfield TIF - This fund is used to account for the acquisition and construction of improvements in the vicinity of the Kemper/Gold Coast/Deerfield TIF.

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

Sycamore Township Capital Project Fund - This fund is used to account for the construction of capital projects within the Township.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. 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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

4. Assigned

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

5. 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 Township 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.

G. Property, Plant, and Equipment

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

H. 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.

I. Total Columns on Financial Statements

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

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

2. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand Deposits	\$ 326,947	\$ 3,479,107
Certificates of Deposit	899,078	-
Total Deposits	1,226,025	3,479,107
U.S. Treasury Money Market Funds	1,391,417	549,347
U.S. Treasury Notes	-	271,509
Federal Home Loan Bank	4,284,937	4,132,339
Federal Home Loan Mortgage Corporation	3,654,849	2,393,400
Federal National Mortgage Association	5,985,661	6,925,987
Federal Farm Credit Bank	2,677,362	1,336,587
STAR Ohio	6,903,091	7,351,483
Total Investments	24,897,317	22,960,652
Total Deposits and Investments	\$ 26,123,342	\$26,439,759

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

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

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

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 was as follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,400,000	\$ 7,559,228	\$ 2,159,228
Special Revenue	16,505,000	16,695,186	190,186
Debt Service	2,083,790	2,901,812	818,022
Capital Projects	258,036	54,137	(203,899)
Total	\$ 24,246,826	\$ 27,210,363	\$ 2,963,537

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,667,548	\$ 4,907,638	\$ 759,910
Special Revenue	26,000,476	22,096,875	3,903,601
Debt Service	805,150	2,729,586	(1,924,436)
Capital Projects	2,439,799	46,531	2,393,268
Total	\$ 34,912,973	\$ 29,780,630	\$ 5,132,343

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,619,473	\$ 3,596,245	\$ (23,228)
Special Revenue	15,093,888	16,071,669	977,781
Debt Service	1,422,947	2,667,541	1,244,594
Capital Projects	2,159,036	2,099,373	(59,663)
Total	\$ 22,295,344	\$ 24,434,828	\$ 2,139,484

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,266,976	\$ 3,519,125	\$ 747,851
Special Revenue	25,232,955	22,353,714	2,879,241
Debt Service	1,335,646	2,588,195	(1,252,549)
Capital Projects	1,259,701	490,788	768,913
Total	\$ 32,095,278	\$ 28,951,822	\$ 3,143,456

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

4. Compliance

Contrary to Ohio Revised Code Section 5705.41(B), the Township had 7 funds during 2011 and 9 funds during 2010 where expenditures exceeded appropriations.

Contrary to Ohio Revised Code Section 5705.39, the Township had 1 fund during 2011 and 5 funds during 2010 where appropriations exceeded estimated resources.

Contrary to Ohio Revised Code Section 5705.36(A)(4) the Township did not obtain an amended certificate of estimated resources when actual resources available were known to be less than estimated resources. In addition, Ohio Revised Code Section 5705.36(A)(5) limits appropriations to estimated resources. As a result, appropriations exceeded actual resources available in 8 funds during 2011 and 2 funds during 2010.

5. Property Tax

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. Debt

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Kemper Road Tax Increment Bonds	\$ 1,513,910	5.95%
Kemper Gold Coast Tax Increment Bonds	1,685,000	6.00%
2007 Sycamore Square G.O. Bonds	6,835,000	4.00% - 5.00%
2007 Kenwood G.O. Bonds	4,115,000	3.50% - 4.00%
2009 Various Purpose G.O. Bonds	6,560,000	3.00% - 4.875%
2009 Ohio Public Works Commission Loan	943,881	1.50%
2010 Various Purpose G.O. Bonds	2,000,000	3.00% - 4.625%
Total	<u>\$ 23,652,791</u>	

The Kemper Road Tax Increment Bonds were issued in 1996 in the amount of \$5,000,000 for 15 years. The bonds were issued to finance both the construction of sanitary and storm sewers along East Kemper Road and the widening and improvements of East Kemper and Conrey Roads. The bonds are collateralized solely by the Township's taxing authority. Due to the covenants contained in the Tax Increment Financing agreement, the debt activity is recorded in Debt Service Fund type. The mortgage revenue bond covenant requires the Township to establish and fund a debt service reserve fund, included as a Debt Service Fund.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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

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

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

The Township issued series 2009 general obligation bonds on March 3, 2009 in the amount of \$8,210,000 for 20 years. The bonds were issued to finance public infrastructure improvements, specifically road improvements to Sturbridge subdivision, improvements to Township parks, and construction of a fire station. The bonds are collateralized by the Township's taxing authority.

The 2009 Ohio Public Works Commission Loan relates to infrastructure improvements to the Sturbridge subdivision in the amount of \$1,004,044. The loan amount will be repaid over 15 years.

The Township issued series 2010 general obligation bonds on December 22, 2010 in the amount of \$2,000,000 for 20 years. The bonds are going to be used to finance various projects within the Township. The bonds are collateralized by the Township's taxing authority.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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

Year ending December 31:	Kemper Road	Kemper Gold	Sycamore	Kenwood Mall
	Tax Increment Bonds	Coast Tax Increment Bonds	Square General Obligation Bonds	General Obligation Bonds
2012	\$ 430,877	\$ 186,100	\$ 469,688	\$ 682,636
2013	430,877	186,000	469,088	679,088
2014	430,877	185,600	468,288	680,013
2015	430,877	189,900	472,288	680,238
2016	-	188,600	470,488	678,300
2017-2021	-	960,000	2,357,475	1,361,813
2022-2026	-	589,200	2,356,000	-
2027-2031	-	-	2,347,250	-
2032-2036	-	-	2,346,125	-
2037-2041	-	-	472,500	-
Total	<u>\$ 1,723,508</u>	<u>\$ 2,485,400</u>	<u>\$12,229,190</u>	<u>\$ 4,762,088</u>

Year ending December 31:	2009 Various		2010 Various	
	Purpose General Obligation Bonds	OPWC Loan	Purpose General Obligation Bonds	Total
2012	\$ 801,363	\$ 74,998	\$ 78,000	\$ 2,723,662
2013	804,713	74,998	83,000	2,727,764
2014	797,463	74,998	167,900	2,805,139
2015	804,913	74,998	166,100	2,819,314
2016	805,088	74,998	168,850	2,386,324
2017-2021	2,469,775	374,992	832,913	8,356,968
2022-2026	1,460,906	299,995	832,288	5,538,389
2027-2031	579,731	-	664,763	3,591,744
2032-2036	-	-	-	2,346,125
2037-2041	-	-	-	472,500
Total	<u>\$ 8,523,952</u>	<u>\$ 1,049,977</u>	<u>\$ 2,993,814</u>	<u>\$33,767,929</u>

7. Retirement Systems

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages and the Township contributed to OP&F 24% of full-time fire fighters' wages. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Township contributed 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

8. Risk Management

Risk Pool Membership

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Government does participate in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Government does not participate in this coverage.

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

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

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and members' equity at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$ 12,036,541	\$ 1,355,131	\$ 11,176,186	\$ 1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	\$ 7,191,485	\$ 300,035	\$ 6,323,701	\$ 105,185

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

9. Interfund Activity

During the normal course of operations, the Township has numerous transfers between funds.

Transfer activity for 2011 is summarized as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 416,273
Road and Bridge Special Revenue Fund	50,000	-
Kenwood Road TIF Special Revenue Fund	-	1,270,375
Kemper Deerfield GLDCOST Special Revenue Fund	-	185,900
Kemper Road TIF Special Revenue Fund	-	609,177
Sycamore Redstone TIF Special Revenue Fund	-	470,087
Kemper Road Bond Retirement Debt Service Fund	795,077	-
General Obligation Debt Service Fund	2,106,735	-
	\$ 2,951,812	\$ 2,951,812

The General fund transferred out \$366,273 to the General Obligation Debt Service Fund to make required debt service payments and \$50,000 to the Road and Bridge Special Revenue Fund to provide funds for operating expenses. The Kenwood Road TIF Special Revenue Fund transferred \$1,270,375 to the General Obligation Debt Service Fund to make required debt service payments. The Kemper Deerfield GLDCOST Special Revenue Fund transferred \$185,900 to the Kemper Road Bond Retirement Debt Service Fund to make required debt service payments. The Sycamore Redstone TIF Special Revenue Fund transferred \$470,087 to the General Obligation Debt Service Fund to make required debt service payments. The Kemper Road TIF Special Revenue Fund transferred \$609,177 to the Kemper Road Bond Retirement Debt Service Fund to make required debt service payments.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

Transfer activity for 2010 is summarized as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 388,536
Gasoline Tax Special Revenue Fund	55,000	-
Permissive Motor Vehicle Tax Special Revenue Fund	35,000	-
Kenwood Road TIF Special Revenue Fund	-	1,195,800
Kemper Deerfield GLDCOST Special Revenue Fund	-	185,400
Kemper Road TIF Special Revenue Fund	-	517,517
Sycamore Redstone TIF Special Revenue Fund	-	470,288
Kemper Road Bond Retirement Debt Service Fund	702,917	-
General Obligation Debt Service Fund	1,964,624	-
	\$ 2,757,541	\$ 2,757,541

The General fund transferred out \$298,536 to the General Obligation Debt Service Fund to make required debt service payments and \$55,000 and \$35,000 to the Gasoline Tax Special Revenue Fund and Permissive Motor Vehicle Tax Special Revenue Fund, respectively, to provide funds for operating expenses. The Kenwood Road TIF Special Revenue Fund transferred \$1,195,800 to the General Obligation Debt Service Fund to make required debt service payments. The Kemper Deerfield GLDCOST Special Revenue Fund transferred \$185,400 to the Kemper Road Bond Retirement Debt Service Fund to make required debt service payments. The Sycamore Redstone TIF Special Revenue Fund transferred \$470,288 to the General Obligation Debt Service Fund to make required debt service payments. The Kemper Road TIF Special Revenue Fund transferred \$517,517 to the Kemper Road Bond Retirement Debt Service Fund to make required debt service payments.

Bastin & Company, LLC

Certified Public Accountants

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

To the Members of the Board of Trustees
Sycamore Township, Hamilton County, Ohio

We have audited the financial statements of Sycamore Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 26, 2012, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted that the Township adopted Governmental Accounting Standard Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 Township'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 and responses listed as findings 2011-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2011-02, 2011-03 and 2011-04.

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

We noted certain matters that we have reported to management of the Township in a separate letter dated June 26, 2012.

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

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

Cincinnati, Ohio
June 26, 2012

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDING NUMBER 2011-01

We identified misstatements in the financial statements for the years under audit that were not initially identified by the Township's internal control. The audit adjustments were necessary to correct errors in the Township's financial statements and notes that were presented for audit.

Entries were made in both years to reclassify various receipts and expenditures to proper functional line items within the funds. Additional entries were required to properly state transfers between funds that represented expenditures paid on behalf of other funds. These adjustments did not adjust the fund cash balances of individual funds at year end.

In addition, adjustments were made for certain receipts posted to incorrect funds resulting in year end fund cash balances to be adjusted from those initially reported. The December 31, 2011 fund cash balances in the General and Motor Vehicle License Tax were decreased by (\$71,470) and (\$23,996), respectively, while the fund cash balances of the Permissive Motor Vehicle License, Gasoline Tax and Fire Funds were increased by \$37,662, \$10,247 and \$47,557. These adjustments require adjustments to the Township's financial records.

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

Township's Response

The Township concurs with the adjustments and will adjust the financial records accordingly.

FINDING NUMBER 2011-02

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

<u>Year/Fund</u>	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<i>2011:</i>			
Kemper TIF	\$ -	\$ 609,177	\$ (609,177)
Kemper Gold Coast Deerfield	185,900	297,866	(111,966)
Sycamore Finance Redstone DS	475,088	649,296	(174,208)
Ohio Valley Ortho TIF	-	42,447	(42,447)
Kemper Bond Retirement	491,827	622,851	(131,024)
General Obligation	313,323	2,106,735	(1,793,412)
Station 93	-	2,250	(2,250)
<i>2010:</i>			
Fire	4,875,501	5,036,778	(161,277)
Manor Care TIF	710,000	855,753	(145,753)
Marriott TIF	760,000	908,778	(148,778)
Kemper Gold Coast Deerfield	188,692	398,045	(209,353)
Sycamore Finance Redstone DS	380,288	478,598	(98,310)
Cornell Snider TIF	-	100,233	(100,233)
Brookwood Office TIF	-	18,695	(18,695)
Kemper Bond Retirement	622,377	623,571	(1,194)
General Obligation	711,969	1,964,624	(1,252,655)

Township's Response

The Township concurs with the finding. Additionally, the Township wishes to emphasize that some of the variances noted in the finding may be related to adjustments posted to the financial statements as a result of the financial statement audit.

FINDING NUMBER 2011-03

Ohio Revised Code Section 5705.39 prohibits appropriations in excess of estimated resources. The following funds had appropriations that exceeded estimated resources:

<u>Year/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<i>2011:</i>			
Sycamore Capital Project TIF	\$ 71	\$ 175,000	\$ (174,929)
<i>2010:</i>			
General	4,237,899	4,266,976	(29,077)
Sycamore Capital Project TIF	71	101,000	(100,929)
Sturbridge	-	134,294	(134,294)
Deerfield Park	280,547	410,359	(129,812)
Station 93	37,362	142,362	(105,000)

Township's Response

The Township concurs with the finding.

FINDING NUMBER 2011-04

Ohio Revised Code Section 5705.36(A)(4) requires the Township to obtain an amended certificate of estimated resources when actual resources available are known to be less than estimated resources. In addition, Ohio Revised Code Section 5705.36(A)(5) limits appropriations to estimated resources. As a result of obtaining a reduced certificate of estimated resources, appropriations would be required to be appropriately reduced to the revised level of available resources.

Appropriations exceeded actual resources available in the following funds which reflect noncompliance with the Ohio Revised Code requirements:

<u>Year/Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<i>2011:</i>			
Motor Vehicle	\$18,465	\$42,387	\$(23,922)
Permissive Motor Vehicle	211,301	215,303	(4,002)
Road and Bridge	674,368	677,000	(2,632)
Police	1,763,515	2,310,196	(546,681)
FEMA Grant Reimbursement	298,245	300,000	(1,755)
Manor Care TIF	1,136,778	1,144,000	(7,222)
Marriott TIF	822,298	1,087,550	(265,252)
Kenwood Towne Place TIF	1,213,860	1,227,000	(13,140)
<i>2010:</i>			
General	4,214,671	4,266,976	(52,305)
Motor Vehicle	40,042	50,000	(9,958)

Township's Response

The Township concurs with the finding. Additionally, the Township wishes to emphasize that some of the variances noted in the finding may be related to adjustments posted to the financial statements as a result of the financial statement audit.

**SYCAMORE TOWNSHIP
HAMILTON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation
2009-01	ORC Section 5705.41(B) expenditures exceeded appropriations.	No	Not corrected, reissued as finding 2011-02.
2009-02	ORC Section 5705.39 appropriations exceeded estimated resources.	No	Not corrected, reissued as finding 2011-03.
2009-03	Ohio Revised Code Section 5705.36(A)(4) amended certificate not obtained.	No	Not corrected, reissued as finding 2011-04.



Dave Yost • Auditor of State

SYCAMORE TOWNSHIP

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 2, 2012**