



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

SYLVANIA TOWNSHIP
LUCAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Sylvania Township
Lucas County
4927 North Holland-Sylvania Road
Sylvania, Ohio 43560-2121

To the Board of Trustees:

We have audited the accompanying financial statements of Sylvania Township (the Township) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits 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 Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Sylvania Township, Lucas County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Sylvania Township, Lucas County, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, federal awarding agencies and pass-through entities, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 9, 2001, except for paragraph 6, which is dated January 3, 2002.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$427,940 | \$7,892,767 | | \$8,320,707 |
| Intergovernmental | 1,049,063 | 1,385,121 | | 2,434,184 |
| Special Assessments | | | \$267,210 | 267,210 |
| Charges for Services | | 575,211 | | 575,211 |
| Licenses, Permits, and Fees | 120,011 | 8,362 | | 128,373 |
| Fines, Forfeitures, and Penalties | | 9,775 | | 9,775 |
| Earnings on Investments | 356,067 | 39,341 | | 395,408 |
| Other Revenue | 276,213 | 271,755 | | 547,968 |
| Total Cash Receipts | <u>2,229,294</u> | <u>10,182,332</u> | <u>267,210</u> | <u>12,678,836</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 2,800,401 | | | 2,800,401 |
| Public Safety | | 8,342,498 | | 8,342,498 |
| Public Works | | 1,687,544 | 220,490 | 1,908,034 |
| Health | 136,591 | 10,090 | | 146,681 |
| Conservation - Recreation | 33,718 | | | 33,718 |
| Capital Outlay | 32,804 | 3,390,316 | | 3,423,120 |
| Total Cash Disbursements | <u>3,003,514</u> | <u>13,430,448</u> | <u>220,490</u> | <u>16,654,452</u> |
| Total Receipts Over Disbursements | <u>(774,220)</u> | <u>(3,248,116)</u> | <u>46,720</u> | <u>(3,975,616)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | | 200,000 | | 200,000 |
| Transfers-Out | (200,000) | | | (200,000) |
| Other Sources | | 1,320 | | 1,320 |
| Total Other Financing Receipts | <u>(200,000)</u> | <u>201,320</u> | | <u>1,320</u> |
| Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements | (974,220) | (3,046,796) | 46,720 | (3,974,296) |
| Fund Cash Balances, January 1 | 1,652,090 | 4,575,026 | 356,682 | 6,583,798 |
| Fund Cash Balances, December 31 | <u>\$677,870</u> | <u>\$1,528,230</u> | <u>\$403,402</u> | <u>\$2,609,502</u> |
| Reserve for Encumbrances, December 31 | <u>\$152,020</u> | <u>\$1,218,357</u> | | <u>\$1,370,377</u> |

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$415,582 | \$7,663,952 | | \$8,079,534 |
| Intergovernmental | 1,609,559 | 1,239,008 | | 2,848,567 |
| Special Assessments | | | \$263,889 | 263,889 |
| Licenses, Permits, and Fees | 114,963 | 685,953 | | 800,916 |
| Earnings on Investments | 261,616 | 29,069 | | 290,685 |
| Other Revenue | 208,812 | 200,808 | | 409,620 |
| | <u>2,610,532</u> | <u>9,818,790</u> | <u>263,889</u> | <u>12,693,211</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 1,663,198 | | | 1,663,198 |
| Public Safety | | 6,999,613 | | 6,999,613 |
| Public Works | | 1,353,704 | 199,421 | 1,553,125 |
| Health | 146,403 | 5,402 | | 151,805 |
| Conservation - Recreation | 38,539 | | | 38,539 |
| Capital Outlay | 36,136 | 1,201,143 | | 1,237,279 |
| | <u>1,884,276</u> | <u>9,559,862</u> | <u>199,421</u> | <u>11,643,559</u> |
| Total Cash Disbursements | | | | |
| Total Receipts Over Disbursements | <u>726,256</u> | <u>258,928</u> | <u>64,468</u> | <u>1,049,652</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | | 441,733 | | 441,733 |
| Transfers-Out | (441,733) | | | (441,733) |
| Other Sources | | | | |
| | <u>(441,733)</u> | <u>441,733</u> | | |
| Total Other Financing Receipts/(Disbursements) | | | | |
| Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements | 284,523 | 700,661 | 64,468 | 1,049,652 |
| Fund Cash Balances, January 1 | <u>1,367,567</u> | <u>3,874,365</u> | <u>292,214</u> | <u>5,534,146</u> |
| Fund Cash Balances, December 31 | <u>\$1,652,090</u> | <u>\$4,575,026</u> | <u>\$356,682</u> | <u>\$6,583,798</u> |
| Reserve for Encumbrances, December 31 | <u>\$255,772</u> | <u>\$2,102,961</u> | | <u>\$2,358,733</u> |

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sylvania Township, Lucas County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, police and fire protection, emergency medical services, and water and sewer services.

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

B. Jointly Governed Organization

The Township, in conjunction with the City of Sylvania and the Sylvania City School District, formed the Sylvania Area Joint Recreation District (SAJRD) under the authority of Ohio Revised Code § 755.14(C). The SAJRD Board of Trustees is composed of twelve members, four of whom are appointed by each of three separate government entities identified above. Funding for the SAJRD is provided by a voter-approved tax levy on all real property located within Township. Taxes are collected by the Lucas County Auditor and remitted to the SAJRD Board of Trustees. The SAJRD is fiscally independent of the Township and the SAJRD's financial statements have not been included within the Township's reporting entity.

C. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

D. Cash and Investments

U.S. Treasury Notes are valued at cost.

E. Fund Accounting

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

1. General Fund

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. Special Revenue Funds

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

Police and Fire Funds - These funds receives property tax money for police and fire protection.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Lighting District Fund - This fund receives special assessments to maintain and operate street lights

F. Budgetary Process

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 2000 and 1999 budgetary activity appears in Note 3.

G. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

H. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | <u>2000</u> | <u>1999</u> |
|--------------------------------|-------------|-------------|
| Demand deposits | \$920,363 | \$712,372 |
| U.S. Treasury Notes | 1,689,139 | 5,871,426 |
| Total deposits and investments | \$2,609,502 | \$6,583,798 |

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

Investments: U.S. Treasury Notes 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

| 2000 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,800,000 | \$2,229,294 | \$429,294 |
| Special Revenue | 11,558,461 | 10,383,652 | (1,174,809) |
| Capital Projects | 250,000 | 267,210 | 17,210 |
| Total | \$13,608,461 | \$12,880,156 | (\$728,305) |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,474,661 | \$3,355,534 | \$119,127 |
| Special Revenue | 16,110,918 | 14,648,805 | 1,462,113 |
| Capital Projects | 606,682 | 220,490 | 386,192 |
| Total | \$20,192,261 | \$18,224,829 | \$1,967,432 |

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|---------------------|--------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,600,000 | \$2,610,532 | \$1,010,532 |
| Special Revenue | 9,646,650 | 10,260,523 | 613,873 |
| Capital Projects | 225,000 | 263,889 | 38,889 |
| Total | <u>\$11,471,650</u> | <u>\$13,134,944</u> | <u>\$1,663,294</u> |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,040,096 | \$2,581,781 | \$458,315 |
| Special Revenue | 13,448,483 | 11,662,823 | 1,785,660 |
| Capital Projects | 517,214 | 199,421 | 317,793 |
| Total | <u>\$17,005,793</u> | <u>\$14,444,025</u> | <u>\$2,561,768</u> |

4. PROPERTY TAX

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

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.

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Township has paid all contributions required through December 31, 2000.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

7. CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

8. SUBSEQUENT EVENTS

On May 21, 2001, the Township issued Bond Anticipation Notes for \$1,335,000 at 3.05%, due May 29, 2002, for the purpose of constructing a Senior Center.

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**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Federal CFDA Number | Grant Number | Disbursements |
|--|---------------------------|-----------------|-------------------------|
| UNITED STATES DEPARTMENT OF JUSTICES | | | |
| Public Safety Partnership and Community Policing Grant (COPS) | 16.710 | 97UMX0732 | <u><u>\$417,884</u></u> |

The accompanying notes are an integral part of this schedule.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

| FEDERAL GRANTOR | Federal | Grant | Disbursements |
|---|---------|-----------|--------------------------------|
| <i>Pass Through Grantor</i> | CFDA | Number | |
| Program Title | Number | Number | Number |
| UNITED STATES DEPARTMENT OF JUSTICES | | | |
| Public Safety Partnership and Community Policing Grant (COPS) | 16.710 | 97UMX0732 | \$306,056 |
| | | 97CMX0403 | <u>7,610</u> |
| Total Department of Justice | | | <u><u>\$313,666</u></u> |

The accompanying notes are an integral part of this schedule.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEARS ENDED DECEMBER 31, 2000 AND 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedules of Federal Awards Expenditures (the Schedule) summaries activity of the Township's federal award program. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

The federal program requires that the Township contribute non-Federal funds (matching funds) to support the Federally-funded program. The Township has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Sylvania Township
Lucas County
4927 North Holland-Sylvania Road
Sylvania, Ohio 43560-2121

To the Board of Trustees:

We have audited the accompanying financial statements of Sylvania Township (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 9, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated October 9, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated October 9, 2001.

Sylvania Township
Lucas County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

October 9, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Sylvania Township
Lucas County
4927 North Holland-Sylvania Road
Sylvania, Ohio 43560-2121

To the Board of Trustees:

Compliance

We have audited the compliance of Sylvania Township with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Sylvania Township
Lucas County
Report of Independent Accountants on Compliance with Requirements
Applicable to Major Federal Programs and Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to management of the Township in a separate letter dated October 9, 2001.

This report is intended for the information and use of the audit committee, management, Board of Trustees, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 9, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Sylvania Township
Lucas County
4927 North Holland-Sylvania Road
Sylvania, Ohio 43560-2121

To the Board of Trustees:

Compliance

We have audited the compliance of Sylvania Township (the Township) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion the Township complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 1999-40148-001

Internal Control Over Compliance

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to management of the Township in a separate letter dated October 9, 2001.

This report is intended for the information and use of the audit committee, management, Board of Trustees, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 9, 2001

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under § .510? | No |
| (d)(1)(vii) | Major Programs (list): | Public Safety Partnership and Community Policing Grant (COPS) - CFDA 16.710 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | No |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under § .510? | Yes |
| (d)(1)(vii) | Major Programs (list): | Public Safety Partnership and Community Policing Grant (COPS) - CFDA 16.710 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | No |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

| | |
|------------------------------------|--|
| Finding Number | 1999-40148-001 |
| CFDA Title and Number | Public Safety Partnership and Community Policing Grant (COPS) 16.710 |
| Federal Award Number / Year | COPS 97UMWX0732 |
| Federal Agency | U.S. Department of Justice |
| Pass-Through Agency | None |

Noncompliance Citation

Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," Subpart C, paragraph 300(a) and (e), states:

The Township shall:

- Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they received. Federal program award and identification shall include, as applicable, the CFDA title and number and year, name of the federal Agency, and name of the pass-through entity.
- Ensure that audits required by this part are properly performed and submitted when due. OMB Circular A-133 paragraph 320(a) requires the audit shall be completed and the data collection form and reporting package shall be submitted with the earlier of 30 days after receipt of the auditors report or, for fiscal year 1999, nine months after the end of the audit period.

The Township expended \$338,666 of federal assistance during fiscal year 1999, and was therefore required to submit an audit report within nine months of the fiscal year end; however, the Township did not request a single audit for fiscal year 1999.

Failure to comply with OMB Circular A-133 may result in a loss of Federal funding, which would severely restrict the Township's ability to provide the current level of services. We recommend the Township monitor total Federal funding at the end of each fiscal year and request a single audit when total Federal expenditures exceed \$300,000.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SYLVANIA TOWNSHIP

LUCAS 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
JANUARY 15, 2002**