
CITIZEN AUDITORS OF OHIO

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A Citizen Auditors Annual Financial Report & Analysis Of The City of Sylvania's Governmental Funds

Citizen Auditors of Ohio (CAOO), founded by Loren Sengstock; a retired government financial professional and information technology consultant/marketer with over 35 years experience in Ohio and Michigan, has prepared this summarized financial analysis report of the past ten (10) years of audited financial reports for the Governmental Funds of the City of Sylvania (City). Our report summarizes and analyzes the governmental funds financial performance with graphic reports designed to visually represent the results of the major/minor financial operations of the City of Sylvania located in Lucas County, Ohio. A more detailed description of CAOO's objectives and goals is available at our website: www.citizenauditorohio.com.

Our Citizen Auditors Annual Financial Report (CAAFR) provides the 'citizen/taxpayers' with a detailed and graphical representation of the audited financial information as reported on the annual audits submitted to the State of Ohio Auditor (website link: <http://www.auditor.state.oh.us/auditsearch/search.aspx>). Our report is designed to summarize the primary governmental financial operations required to provide for the public health, safety, and general welfare of the City. The 'Governmental Funds' represent the results of combining all of the following fund types General, Special Revenue, Debt Service, and Capital Funds. This combining format for reporting financial data is prescribed by the Government Accounting Standards Board (GASB) with a primary goal/object of providing a standardized format that allows a comparison of similar governmental entities in Ohio as well as other State(s). The attached combining reports, graphical Exhibits, and our analysis/recommendations are designed to provide a historical summary of financial operations which are designed to aid the reader in their understanding of exactly where the City 'tax dollars are sourced and on what government programs they were spent.

1 | Page

This summary analysis is being provided in an effort to explain the financial results of the attached reports and in no way is an endorsement or approval of any actions taken by the government unit but is simply a presentation of the audited financial data of the Governmental Funds. We assume no accuracy in or errors or omissions herein and although this information is deemed reliable, it is not guaranteed.

Report Discussion/Recommendations

The General Fund(s) represents a major portion of total Governmental Funds and in the case of the City, the General Fund represents 76% of Governmental Funds. Governmental Funds are used to record the combined governmental operational financial resources utilized in providing for the Public Health, Safety, and General Welfare of the City residents and businesses. Our report reflects the Governmental Funds historical audited financial results for the past ten (10) years, averages over that period of time, other financing sources (debt issuance, transfers, etc), and beginning/ending funds balance; then graphically presented for analysis in the attached Exhibits.

Exhibit ‘C’ represents the trending average(s) of the annual total revenues, expenditures, accumulated carryover Funds Balance, and the recommended minimum carryover/surplus of the Governmental Fund Officers Association (GFOA). It is designed to assist in the analysis of financial resources (revenues, expenditures, funds balance) to determine the sustainability of program services and funds balance. The GFOA minimum recommendation is used as a benchmark. The actual carryover/surplus funds balance is subject to various factors including unknown financial risks to revenue sources; generally, any funds balance below 25% or above 75% could be indications of under or over surplus. The City as of 2022 is carrying \$29.2 million in carryover/surplus funds balance which is \$24 million more than the GFOA minimum or 486.3% more than the minimum GFOA recommended minimum. **The City should consider establishing a Minimum Funds Balance Policy (MFBP) (audit notes do not indicate any MFBP as established) that would disclose the intended public use of the carryover/surplus funds balance.**

The Capital Outlay average expenditures indicates that the City is spending funds from the Capital Improvement Fund is sufficient when compared to Accumulated Depreciation as seen in Exhibit ‘G’. The Capital Improvement Fund has approximately \$16.5 Million in carryover/surplus funds as of 12/31/2022 which represents 57% of the total Governmental Funds; this begs the question as to how this large amount of funds have accumulated and why? If the funds were being spent in accordance with capital outlay needs, why wasn’t the distribution ordinance(s) amended to distribute the income tax funds where needed? The Mayor and Administration should consider reviewing the lawful means of distributing the income tax collections and make appropriate recommend(s) to City Council.

The average expenditures for General Government programs are 24.3% of total expenditures, amounting to \$4.5 Million annually. This appears to be high when compared to Sylvania Township that averages 6.3%, amounting to \$1.4 Million annually and both entities are spending approximately the same total amount; the Sylvania Municipal Court would represent a portion of the General Government. General Government programs consist of administrative functions such as Finance, Law, Mayor, Council, Municipal Court, and Engineering departments. The Mayor and Administration should evaluate their cost performance as compared to other municipalities. **It would also be advisable for the city to contact the**

Local Government Division of the State Auditor's office and inquire as to a Performance Audit which would provide an independent analysis of the cost-effective performance of the various program(s) in the city.

In summary, the City seems to have conservatively provided for the sustainable financial operations of the Governmental Funds. **The Capital Improvements Fund has a sizable carryover/surplus of funds balance that requires evaluation as does the legislation authorizing the distribution of income tax revenues to the various funds. The City should consider establishing a Minimum Funds Balance Policy. The City does prepare a Five Year Budgetary Financial & Capital Improvements Plan which should aid in budgetary planning and a more equitable distribution of resources to the various major funds; however, this plan is not available on their website nor found in the audited report. The General Government program(s) and other major program expenditures should be considered for having a Performance Audit performed by the State Auditor's office to evaluate the cost-effective utilization of financial resources by an independent outside agency.**

Exhibit description(s)

Exhibit "A" – Data input from Audited Financial Reports and 10-year averages along with GFOA (Government Finance Officers Association) Fund Balance(s) recommendations, Capital Outlay compared to Annual Capital Assets Depreciation;

Exhibit "B" – Current Audit Year compared to the 10-year average and variances in percentages. Designed for comparison of current year to 10-year averages to quick analysis of financial trending;

Exhibit "C" – Graphic representation of annual revenue, expenditures, and accumulated fund balances compared to the GFOA recommendation for graphic trending;

Exhibit "D" – Graphic comparison of current year expenditures by various function/program to the 10-year averages;

Exhibit "E" - Graphic comparison of current year revenues by various function/source to the 10-year averages;

Exhibit "F" – Graphic representation of Governmental Funds Balance and Annual Net Changes in Funds Balance and trending averages;

Exhibit "G" – Graphic report of Annual Accumulated Depreciation compared to Annual Capital Outlay;

Exhibit “H” – Graphic Report of General Government (City Council, Mayor, Civil Service, Human Resources, Information Technology, Law Director, Finance Department, Engineering Department, Building Department, Planning Department, and Economic Development) expenditures; Security of Persons & Property (Police, Fire, Dispatch, and EMT) expenditures; Leisure Time Activities (Parks, Recreation, Liberty Park, Golf Course, Fitness Center, etc) expenditures; Transportation (Roads, Sidewalks, Storm Sewers, Snow Plowing, etc) expenditures and the 2 year moving average trend lines;

Exhibit “I” – Graphic Report of Capital Outlay (Investments in land, buildings, roads, storm sewers, fire/police equipment, dump trucks, and other capital assets) expenditures; Debt Service (Principal & Interest on bonds, etc.) expenditures; Public Health (County Health Department, etc) expenditures; Community Development (includes depreciation expenses) expenditures; and 2 year moving average trend lines.

Exhibit “J” – Graphic Report of Major Revenues Sources; Property Taxes, Municipal Income Taxes, Intergovernmental (Federal, State, County, revenue sharing), and Charges for Services (Fees for local services) for last ten (10) years; along with 2 year moving average trend lines.

Exhibit “K” – Graphic Report of the Total Assessed Value of Real Estate over the last ten (10) years; along with a 2-year moving average trend line.

If anyone reviewing this report has any questions, issue(s), or concerns, please contact Citizen Auditors of Ohio at the contact information contained hereon. The data and opinions contained in this report are those of Mr. Loren Sengstock, Citizen Auditor. The reports and any opinions contained herein are those of Citizen Auditors of Ohio only and no charges for or expenses were incurred in the production thereof.

City of Sylvania - Lucas County, Ohio
Historical Report of Governmental Funds

Exhibit 'A'

Description	2022	2021	2020	2019	2020	2021	2022	2023	2014	2013	Annual 10 Year Average	Annual 10 Year Average %
											(1)	(1)
Revenues:												
Property Taxes	\$ 2,271,638	\$ 1,881,188	\$ 2,044,523	\$ 1,974,787	\$ 1,826,449	\$ 1,786,361	\$ 1,723,962	\$ 1,676,537	\$ 1,685,402	\$ 1,685,556	\$ 1,855,640	9.5%
Municipal Income Tax	\$ 13,110,421	\$ 12,131,450	\$ 11,319,582	\$ 11,484,066	\$ 10,694,964	\$ 10,905,942	\$ 10,756,103	\$ 9,881,225	\$ 9,439,000	\$ 9,461,505	\$ 10,918,426	55.9%
Other Local Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Intergovernmental	\$ 3,554,947	\$ 3,693,552	\$ 4,379,081	\$ 3,148,672	\$ 3,587,090	\$ 2,199,222	\$ 2,341,854	\$ 1,944,444	\$ 2,595,230	\$ 2,601,753	\$ 3,004,585	15.4%
Charges for Services	\$ 692,700	\$ 668,508	\$ 661,771	\$ 630,743	\$ 561,320	\$ 515,993	\$ 470,928	\$ 500,863	\$ 492,333	\$ 468,753	\$ 566,391	2.9%
Licenses, Permits, and Fees	\$ 337,455	\$ 349,621	\$ 342,917	\$ 379,982	\$ 368,273	\$ 382,583	\$ 397,088	\$ 413,008	\$ 381,784	\$ 356,955	\$ 370,967	1.9%
Fines & Forfeitures	\$ 1,207,905	\$ 1,444,642	\$ 1,273,950	\$ 1,452,233	\$ 1,366,399	\$ 1,198,019	\$ 1,116,671	\$ 1,162,592	\$ 1,054,158	\$ 1,066,175	\$ 1,234,274	6.3%
Special Assessments	\$ 984,192	\$ 1,002,998	\$ 980,738	\$ 952,760	\$ 949,994	\$ 944,300	\$ 937,406	\$ 891,081	\$ 892,285	\$ 906,473	\$ 944,223	4.8%
Investment Income	\$ (800,313)	\$ (60,359)	\$ 488,077	\$ 580,868	\$ 233,095	\$ 223,450	\$ 235,172	\$ 156,209	\$ 104,723	\$ 82,082	\$ 124,300	0.6%
Reimbursements Received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Miscellaneous Income	\$ 339,060	\$ 600,959	\$ 436,672	\$ 395,888	\$ 375,397	\$ 664,030	\$ 550,300	\$ 653,768	\$ 649,821	\$ 506,373	\$ 517,227	2.6%
Total Revenues	\$ 21,698,005	\$ 21,712,559	\$ 21,927,311	\$ 20,999,999	\$ 19,962,981	\$ 18,819,900	\$ 18,529,484	\$ 17,279,727	\$ 17,294,736	\$ 17,135,625	\$ 19,536,033	100.0%
Expenditures:												
Security of Persons & Property	\$ 6,214,516	\$ 5,676,611	\$ 5,304,364	\$ 5,716,032	\$ 5,518,717	\$ 5,599,287	\$ 5,400,811	\$ 5,165,789	\$ 5,404,072	\$ 5,373,937	\$ 5,537,414	29.5%
Public Health	\$ 121,614	\$ 114,886	\$ 116,573	\$ 114,088	\$ 123,670	\$ 115,191	\$ 121,136	\$ 119,891	\$ 131,856	\$ 115,952	\$ 119,486	0.6%
Leisure Time Activities	\$ 861,998	\$ 895,951	\$ 973,442	\$ 966,890	\$ 905,565	\$ 834,852	\$ 824,400	\$ 910,851	\$ 967,514	\$ 976,386	\$ 911,785	4.9%
Community Development	\$ 689,841	\$ 720,787	\$ 692,186	\$ 684,536	\$ 665,093	\$ 672,903	\$ 665,526	\$ 624,765	\$ 549,062	\$ 561,353	\$ 652,605	3.5%
Basic Utility Services	\$ 1,303,825	\$ 1,319,999	\$ 1,192,087	\$ 1,162,510	\$ 1,163,396	\$ 1,108,781	\$ 974,413	\$ 940,865	\$ 971,840	\$ 1,094,136	\$ 1,123,185	6.0%
Transportation	\$ 1,852,791	\$ 1,608,039	\$ 1,352,958	\$ 1,577,698	\$ 1,603,207	\$ 1,581,175	\$ 1,508,573	\$ 1,745,827	\$ 1,694,943	\$ 1,747,111	\$ 1,627,232	8.7%
General Government	\$ 4,905,900	\$ 4,756,688	\$ 4,587,458	\$ 4,895,649	\$ 4,806,893	\$ 4,358,860	\$ 4,111,057	\$ 4,090,321	\$ 4,627,547	\$ 4,327,976	\$ 4,546,835	24.3%
Capital Outlay	\$ 2,252,756	\$ 2,906,985	\$ 2,649,261	\$ 3,473,850	\$ 4,595,477	\$ 1,328,285	\$ 2,179,107	\$ 1,299,583	\$ 1,433,253	\$ 1,974,008	\$ 2,409,257	12.9%
Debt Service	\$ 1,557,024	\$ 1,618,749	\$ 1,570,402	\$ 1,756,990	\$ 1,810,611	\$ 2,110,569	\$ 1,882,548	\$ 1,938,105	\$ 1,953,427	\$ 1,958,660	\$ 1,815,709	9.7%
Total Expenditures	\$ 19,760,265	\$ 19,618,695	\$ 18,438,731	\$ 20,348,243	\$ 21,192,629	\$ 17,709,903	\$ 17,667,571	\$ 16,835,997	\$ 17,733,514	\$ 18,129,519	\$ 18,743,507	100.0%
Operating Income (Loss)	\$ 1,937,740	\$ 2,093,864	\$ 3,488,580	\$ 651,756	\$ (1,229,648)	\$ 1,109,997	\$ 861,913	\$ 443,730	\$ (438,778)	\$ (993,894)	\$ 792,526	
Other Financing Sources (Transfers)	\$ (103,500)	\$ (119,750)	\$ (190,997)	\$ 911,633	\$ (173,845)	\$ 1,131,978	\$ 179,403	\$ (50,000)	\$ (100,000)	\$ -	\$ 148,492	
Net Change in Fund Balance	\$ 1,834,240	\$ 1,974,114	\$ 3,297,583	\$ 1,563,389	\$ (1,403,493)	\$ 2,241,975	\$ 1,041,316	\$ 393,730	\$ (538,778)	\$ (993,894)	\$ 941,018	
Fund Balance (Deficit) Beginning of Year	\$ 27,127,080	\$ 24,962,096	\$ 21,666,028	\$ 20,137,923	\$ 21,741,782	\$ 19,511,449	\$ 18,449,760	\$ 18,024,369	\$ 18,557,456	\$ 19,576,546	\$ 20,975,449	
Fund Balance (Deficit) End of Year	\$ 28,961,320	\$ 26,936,210	\$ 24,963,611	\$ 21,701,312	\$ 20,338,289	\$ 21,753,424	\$ 19,491,076	\$ 18,418,099	\$ 18,018,678	\$ 18,582,652	\$ 21,916,467	
Ending Fund Balance as % of Expenditures (1)	146.6%	137.3%	135.4%	106.6%	96.0%	122.8%	110.3%	109.4%	101.6%	102.5%	116.9%	
Cash & Cash Equivalents - End of Year	\$ 29,231,512	\$ 26,363,377	\$ 23,839,284	\$ 20,727,518	\$ 19,138,807	\$ 20,421,512	\$ 18,268,059	\$ 16,833,340	\$ 16,680,716	\$ 17,118,157	\$ 20,862,228	
Cash & Cash Equivalents as % of Expenditures (1)	147.9%	134.4%	129.3%	101.9%	90.3%	115.3%	103.4%	100.0%	94.1%	94.4%	111.3%	
GFOA Recommended Fund Balance @ 25% of Expense	\$ 4,940,066	\$ 4,904,674	\$ 4,609,683	\$ 5,087,061	\$ 5,298,157	\$ 4,427,476	\$ 4,416,893	\$ 4,208,999	\$ 4,433,379	\$ 4,532,380	\$ 4,685,877	
GFOA Recommended Minimum- Percentage of Expense	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Excess (Deficit) Ending Fund Balance-GFOA 25% Average	\$ 24,021,254	\$ 22,031,536	\$ 20,353,928	\$ 16,614,251	\$ 15,040,132	\$ 17,325,948	\$ 15,074,183	\$ 14,209,100	\$ 13,585,300	\$ 14,050,272	\$ 17,230,590	
Excess (Deficit) % Fund Balance to GFOA 25% Average	486.3%	449.2%	441.5%	326.6%	283.9%	391.3%	341.3%	337.6%	306.4%	310.0%	367.7%	
Annual Governmental Funds Depreciation Expensed	\$2,311,426	\$1,827,847	\$1,748,138	\$1,778,367	\$1,653,130	\$1,613,822	\$1,463,867	\$1,464,321	\$1,484,315	\$1,539,661		
Annual Capital Outlay - Governmental Funds	\$2,252,756	\$2,906,985	\$2,649,261	\$3,473,850	\$4,595,477	\$1,328,285	\$2,179,107	\$1,299,583	\$1,433,253	\$1,974,008		
Accumulated Governmental Funds Depreciation	\$16,884,894	\$14,573,468	\$12,745,621	\$10,997,483	\$9,219,116	\$7,565,986	\$5,952,164	\$4,488,297	\$3,023,976	\$1,539,661		
Accumulated Capital Outlay - Governmental Funds	\$24,092,565	\$21,839,809	\$18,932,824	\$16,283,563	\$12,809,713	\$8,214,236	\$6,885,951	\$4,706,844	\$3,407,261	\$1,974,008		
Assessed Value - Real Estate	\$ 515,700,120	\$461,025,390	\$ 458,423,180	\$ 447,062,550	\$402,929,270	\$403,174,960	\$389,846,470	\$382,207,360	\$380,786,380	\$383,854,250		

Data Source: Audited Financial Reports - Ohio State Auditor GAAP Basis Governmental Funds

(1) Calculated Fields

City of Sylvania - Lucas County, Ohio
Historical Report of Governmental Funds - Variance Report 2022 Vs. 10 Year Average

Exhibit 'B'

Description	2022	2022 % of Total	Annual 10 Year Average	Annual 10 Year % of Total	Variance 2022 to 10 Yr Average	Variance 2022 to 10 Yr %
	2022	% of Total	(1)	(1)	(1)	(1)
Revenues:						
Property Taxes	\$ 2,271,638	10.5%	\$ 1,855,640	9.5%	\$ 415,998	22.4%
Municipal Income Tax	\$ 13,110,421	60.4%	\$ 10,918,426	55.9%	\$ 2,191,995	20.1%
Other Local Taxes	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Intergovernmental	\$ 3,554,947	16.4%	\$ 3,004,585	15.4%	\$ 550,363	18.3%
Charges for Services	\$ 692,700	3.2%	\$ 566,391	2.9%	\$ 126,309	22.3%
Licenses, Permits, and Fees	\$ 337,455	1.6%	\$ 370,967	1.9%	\$ (33,512)	-9.0%
Fines & Forfeitures	\$ 1,207,905	5.6%	\$ 1,234,274	6.3%	\$ (26,369)	-2.1%
Special Assessments	\$ 984,192	4.5%	\$ 944,223	4.8%	\$ 39,969	4.2%
Investment Income	\$ (800,313)	-3.7%	\$ 124,300	0.6%	\$ (924,613)	-743.9%
Reimbursements Received	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Miscellaneous Income	\$ 339,060	1.6%	\$ 517,227	2.6%	\$ (178,167)	-667.7%
Total Revenues	\$ 21,698,005	100.0%	\$ 19,536,033	100.0%	\$ 2,161,972	11.1%
Expenditures:						
Security of Persons & Property	\$ 6,214,516	31.4%	\$ 5,537,414	29.5%	\$ 677,102	12.2%
Public Health	\$ 121,614	0.6%	\$ 119,486	0.6%	\$ 2,128	1.8%
Leisure Time Activities	\$ 861,998	4.4%	\$ 911,785	4.9%	\$ (49,787)	-5.5%
Community Development	\$ 689,841	3.5%	\$ 652,605	3.5%	\$ 37,236	5.7%
Basic Utility Services	\$ 1,303,825	6.6%	\$ 1,123,185	6.0%	\$ 180,640	16.1%
Transportation	\$ 1,852,791	9.4%	\$ 1,627,232	8.7%	\$ 225,559	13.9%
General Government	\$ 4,905,900	24.8%	\$ 4,546,835	24.3%	\$ 359,065	7.9%
Capital Outlay	\$ 2,252,756	11.4%	\$ 2,409,257	12.9%	\$ (156,501)	-6.5%
Debt Service	\$ 1,557,024	7.9%	\$ 1,815,709	9.7%	\$ (258,685)	-14.2%
Total Expenditures	\$ 19,760,265	100.0%	\$ 18,743,507	100.0%	\$ 1,016,758	5.4%
Operating Income (Loss)	\$ 1,937,740		\$ 792,526		\$ 1,145,214	22.8%
Other Financing Sources (Transfers)	\$ (103,500)		\$ 148,492		\$ (251,992)	-169.7%
Net Change in Fund Balance	\$ 1,834,240		\$ 941,018		\$ 893,222	94.9%
Fund Balance (Deficit) Beginning of Year	\$ 27,127,080		\$ 20,975,449		\$ 6,151,631	29.3%
Fund Balance (Deficit) End of Year	\$ 28,961,320		\$ 21,916,467		\$ 7,044,853	32.1%
Ending Fund Balance as % of Expenditures (1)	146.6%		116.9%		29.6%	

Data Source: Audited Financial Reports - Ohio State Auditor GAAP Basis Governmental Funds

(1) Calculated Fields

Exhibit 'C'

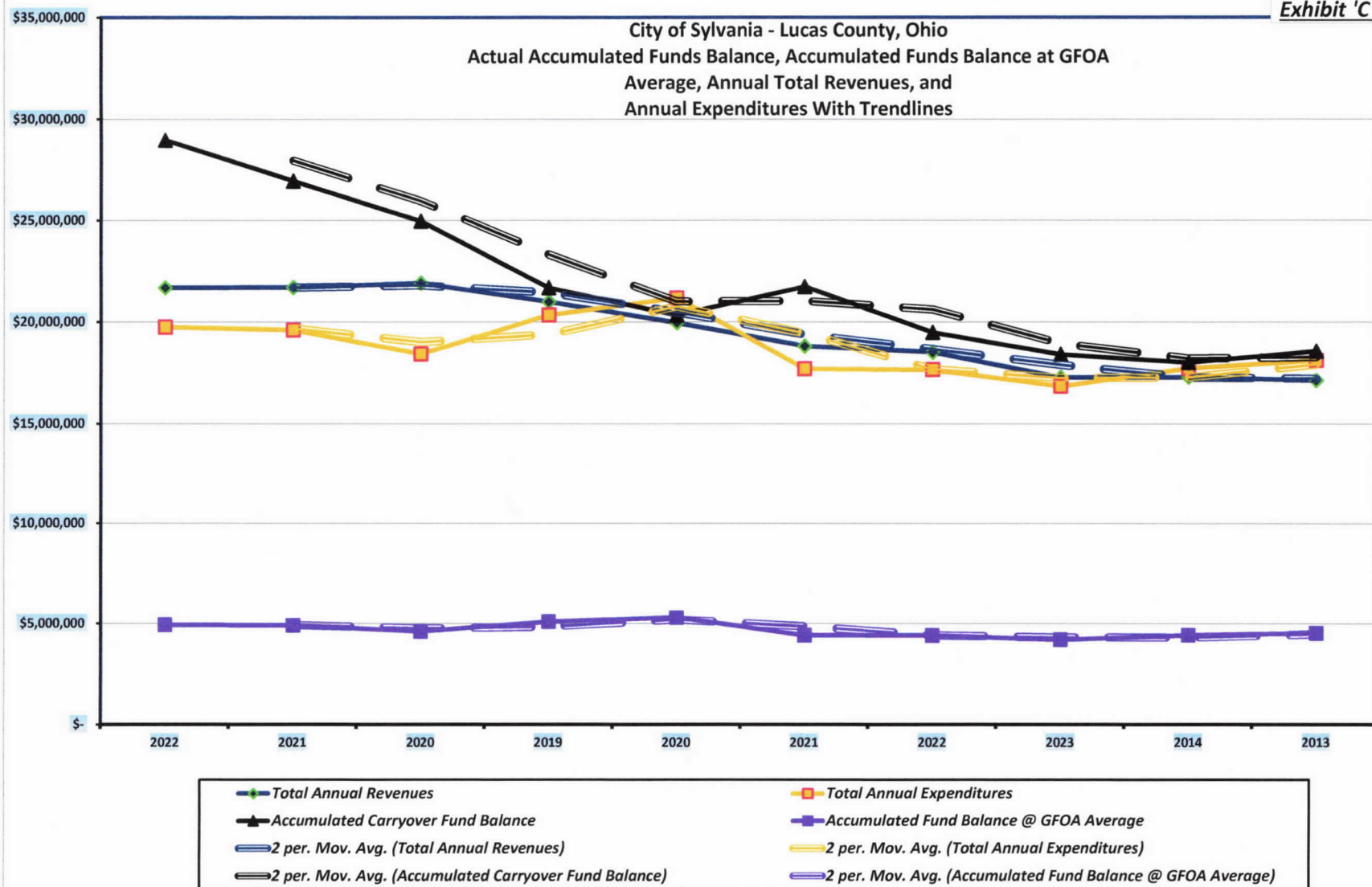
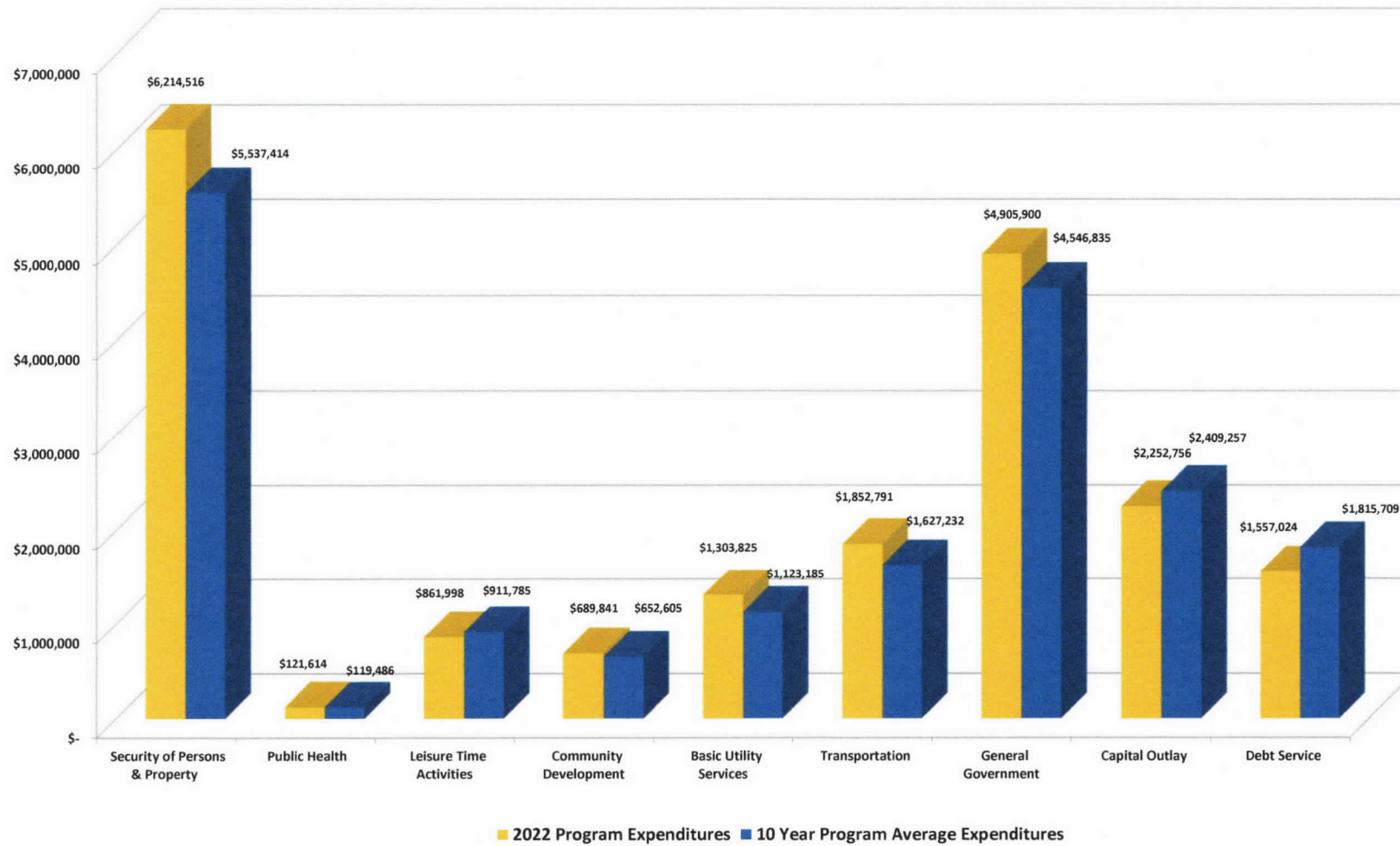


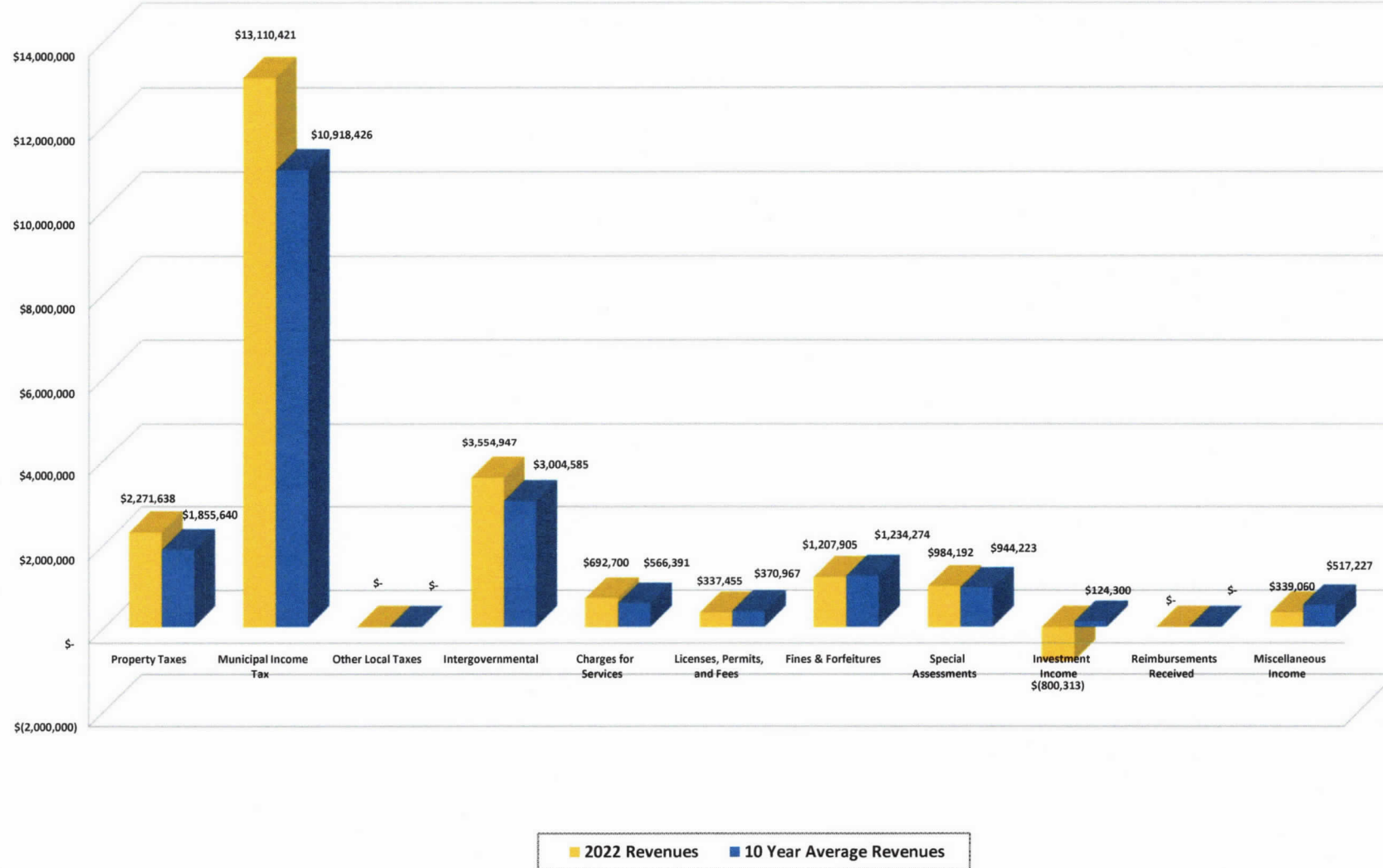
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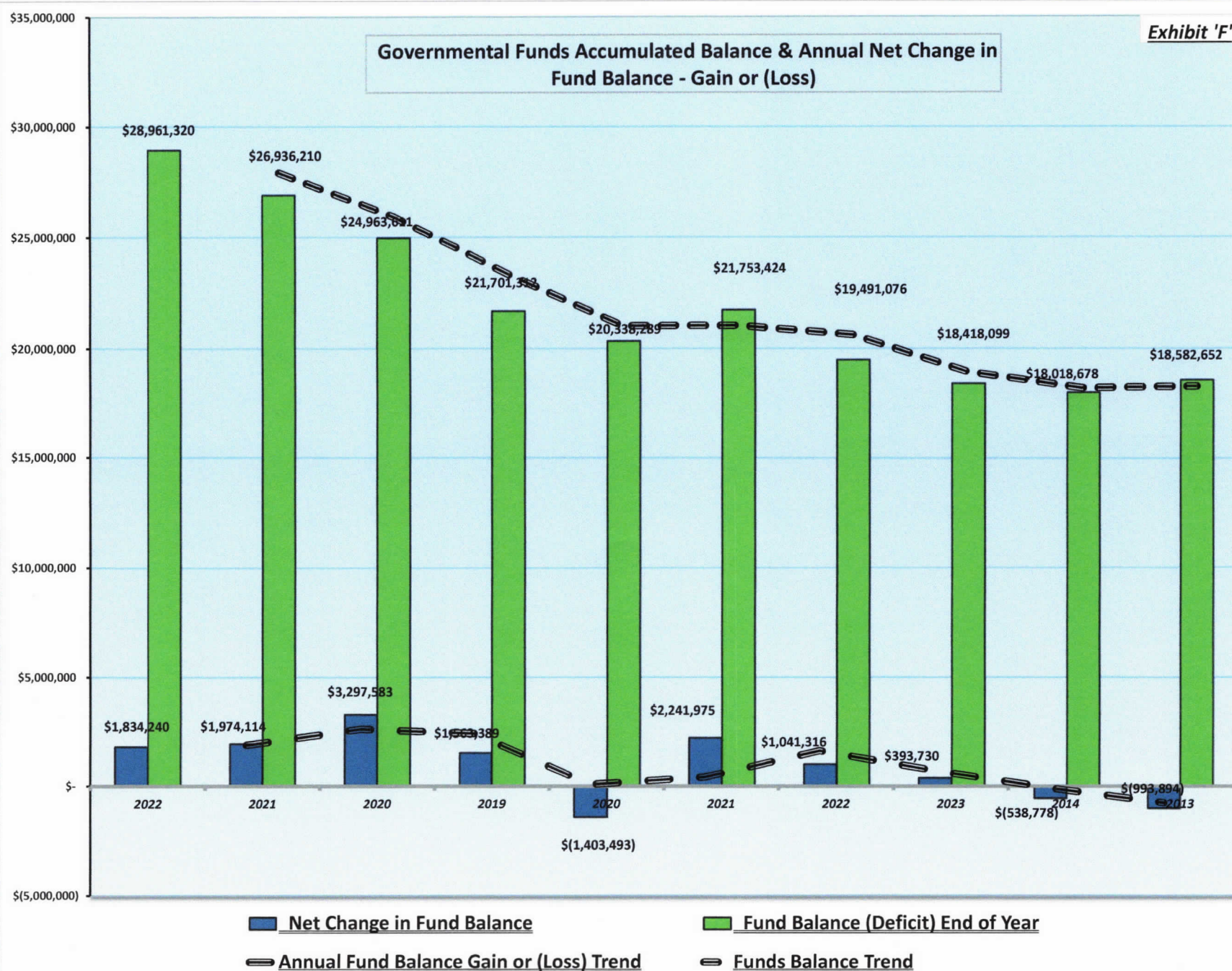
Comparative 2022 Vs. 10 Year Average Expenditures by Program



Comparative 2022 Vs. 10 Year Average Revenues by Source

Exhibit 'E'





Annual Accumulated Depreciation and Annual Accumulated Capital Outlay 2013-2022

Exhibit 'G'

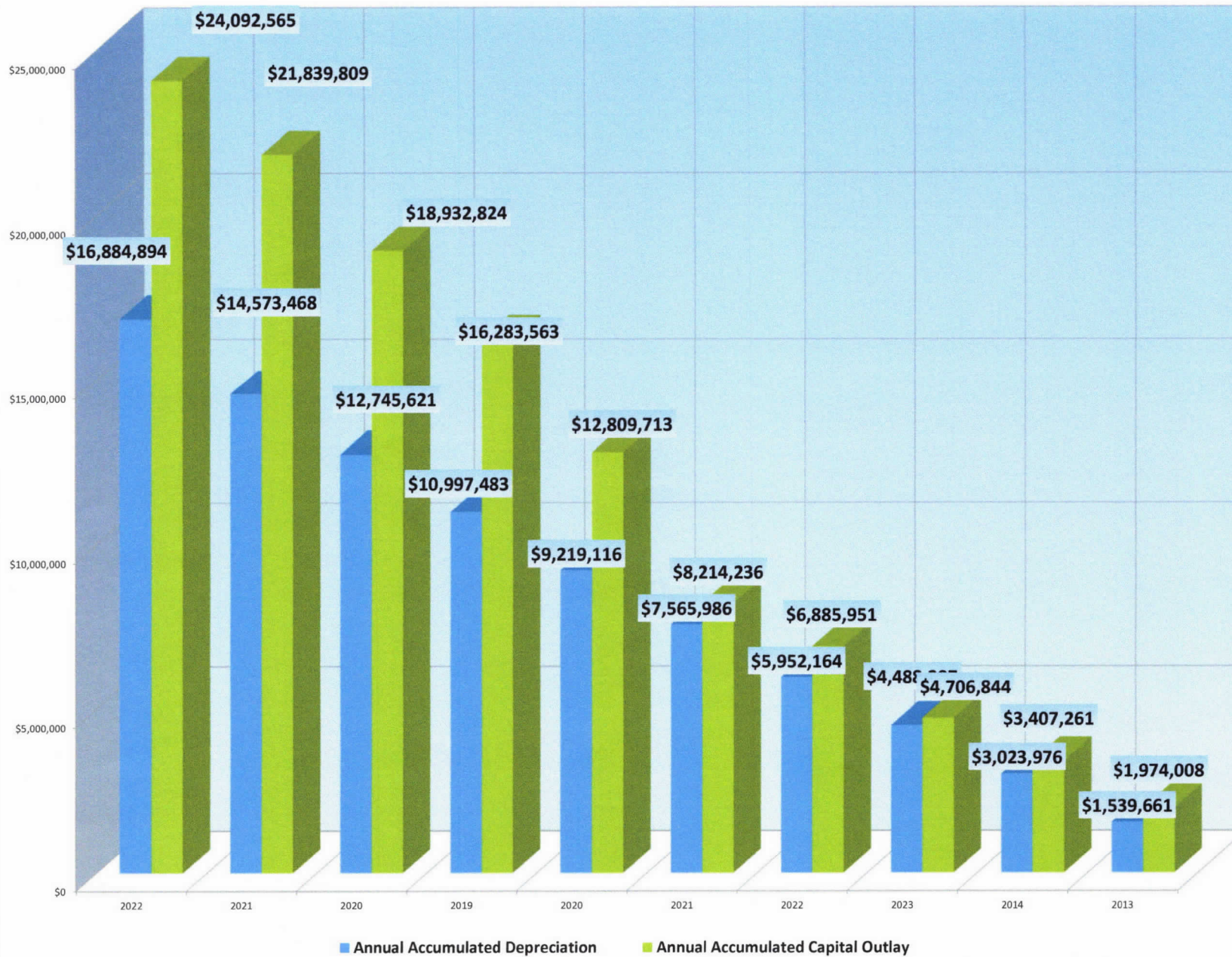
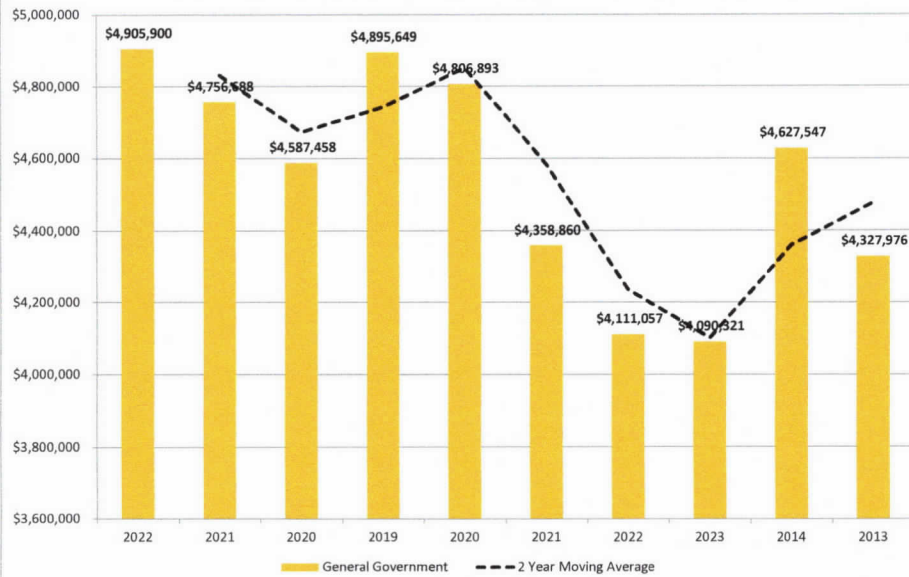
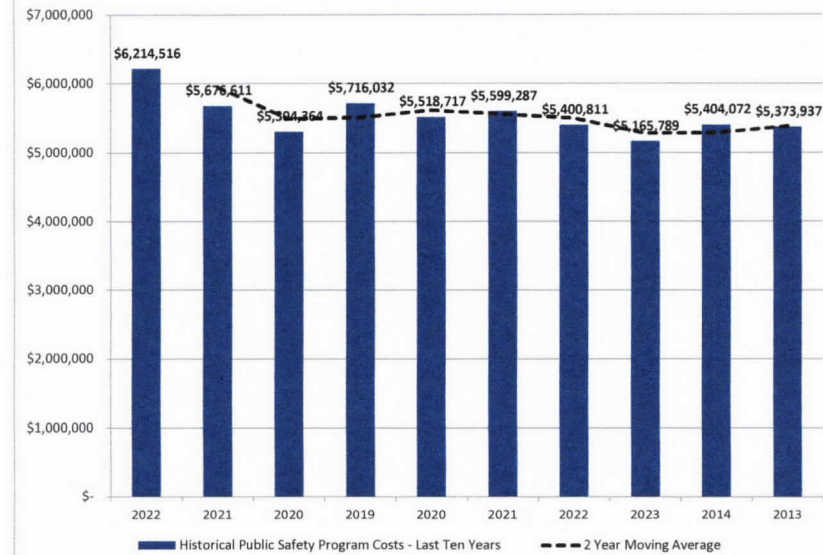


Exhibit H

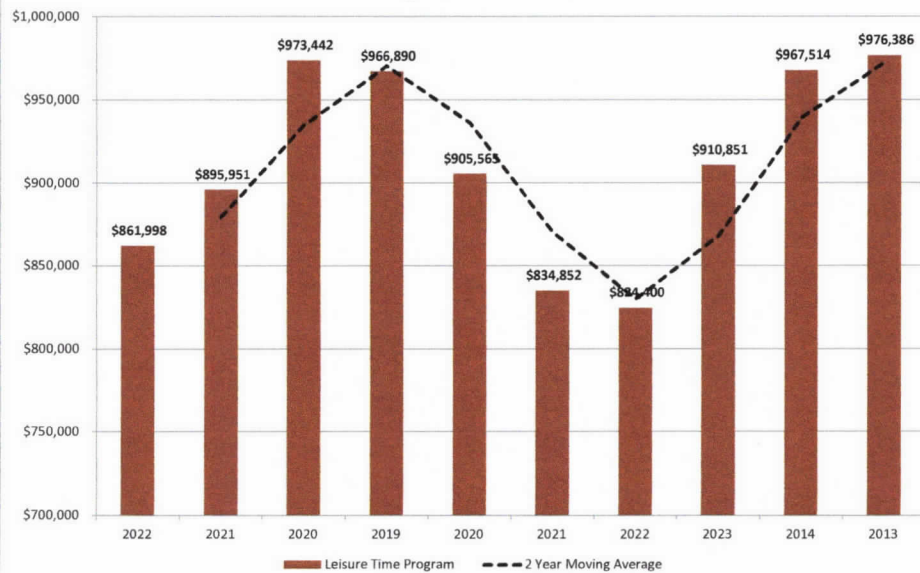
General Government Expenditures Last Ten Years



Security of Persons & Property Expenditures Last Ten Years



Leisure Time Expenditures Last Ten Years



Transportation Expenditures Last Ten Years

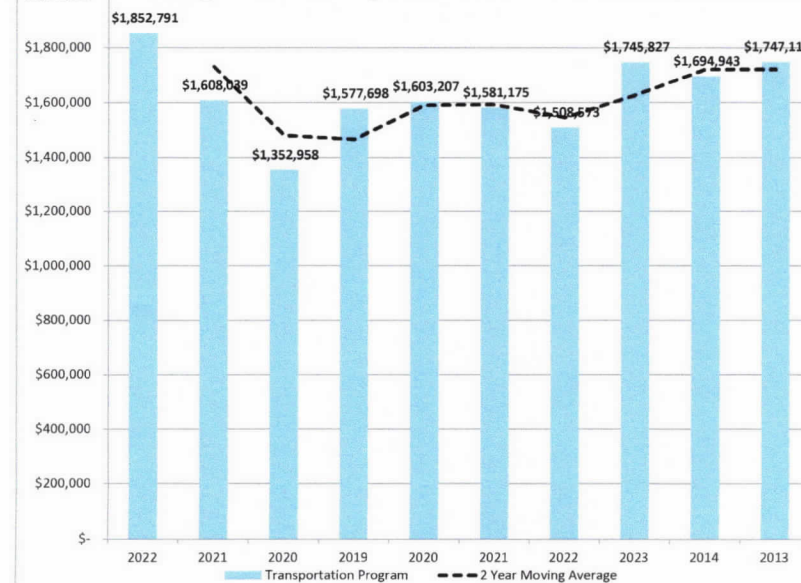
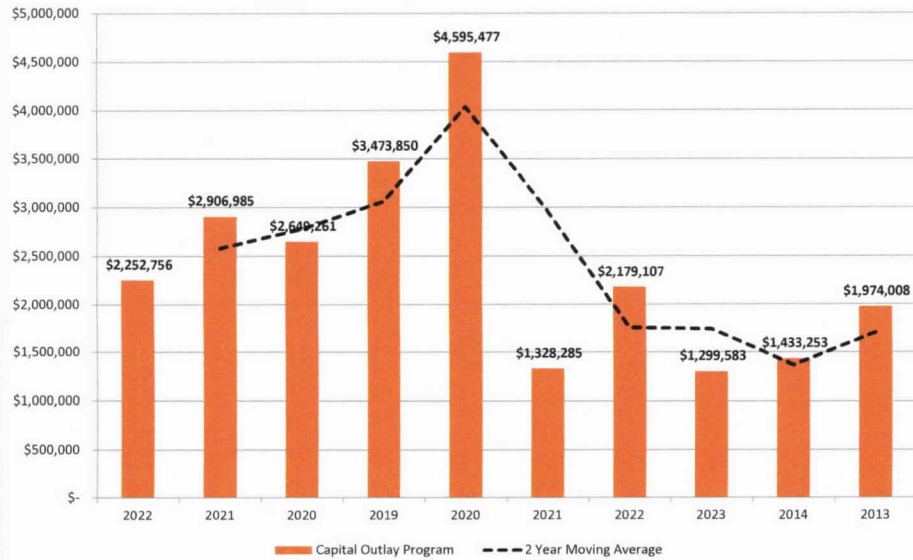
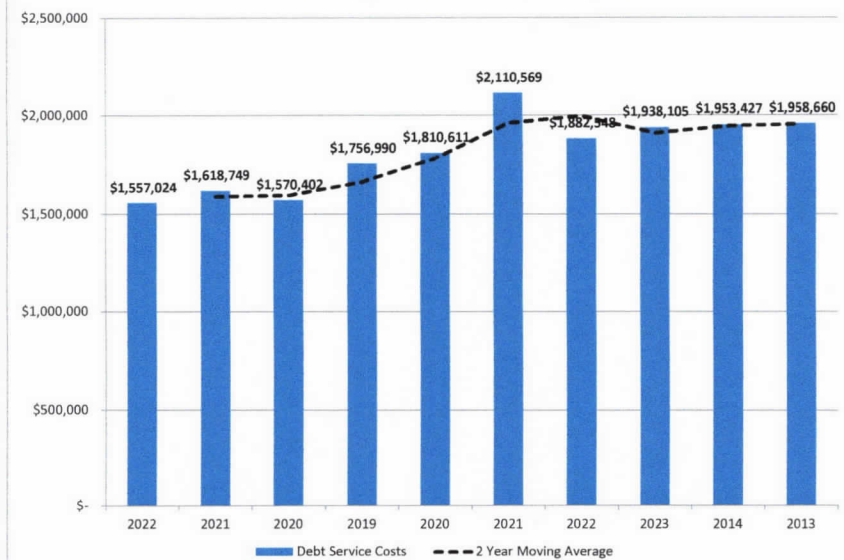


Exhibit I

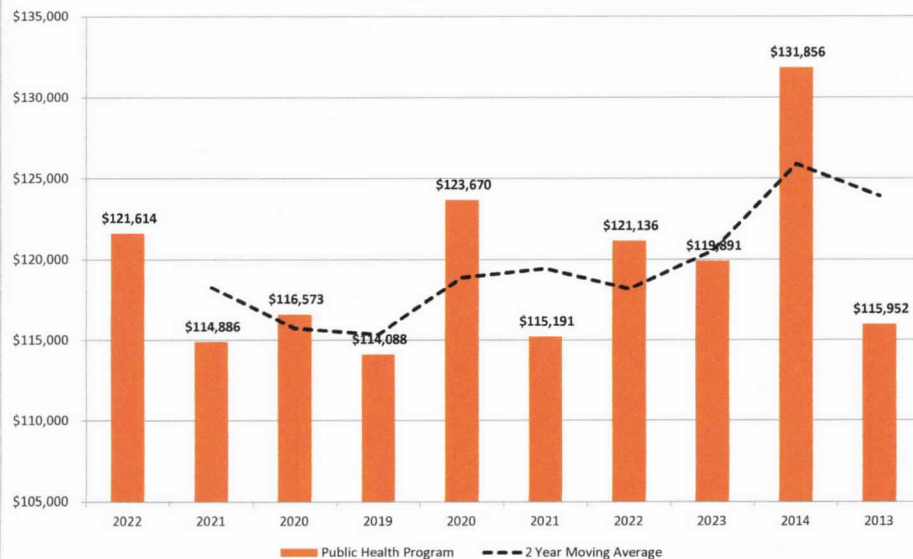
Capital Outlay Expenditures Last Ten Years



Debt Service Expenditures Last Ten Years



Public Health Expenditures Last Ten Years



Community Development Expenditures Last Ten Years

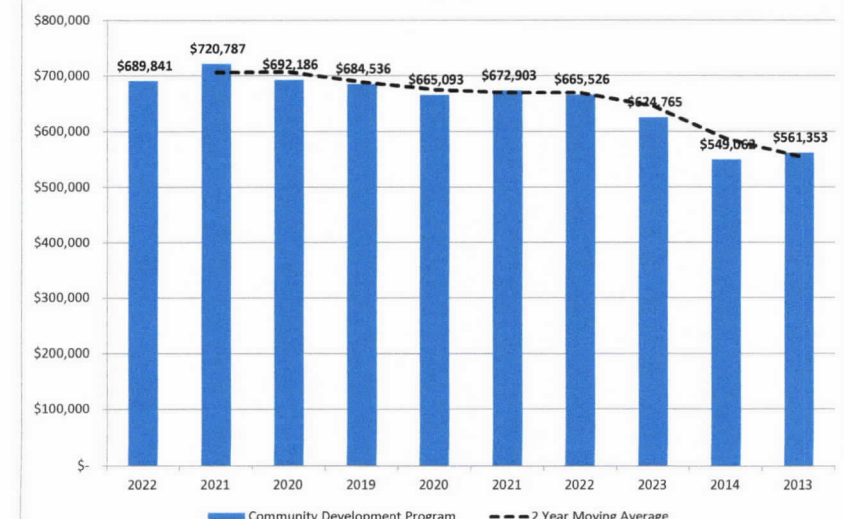
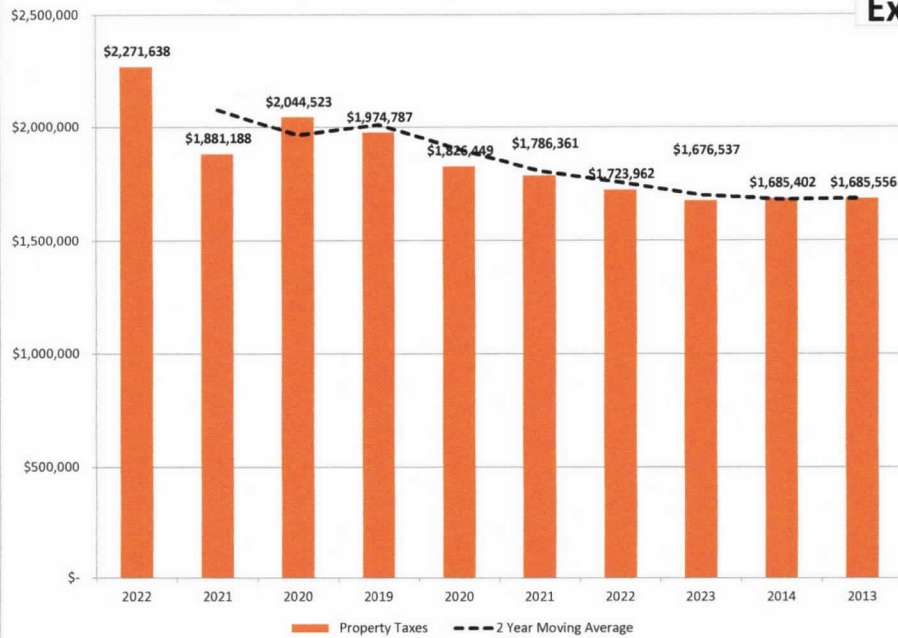
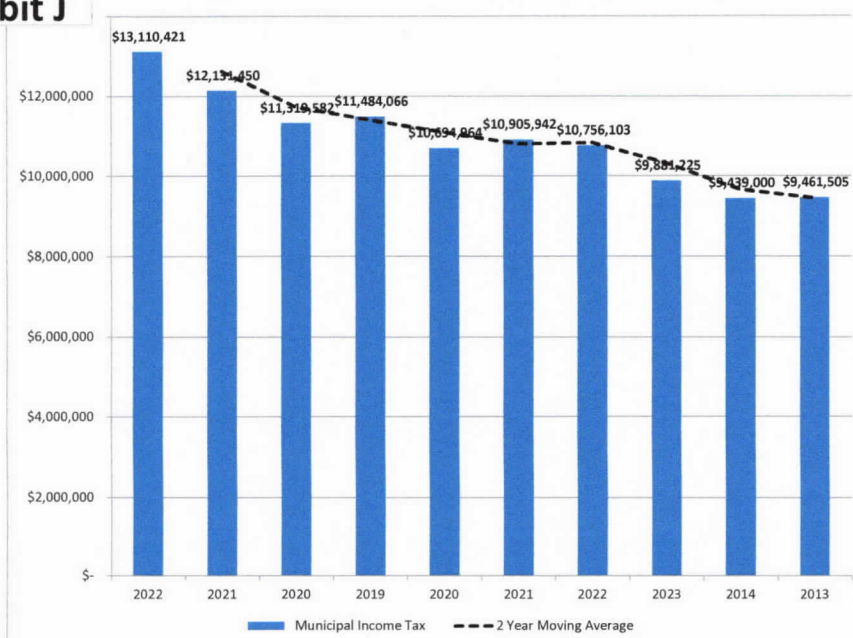


Exhibit J

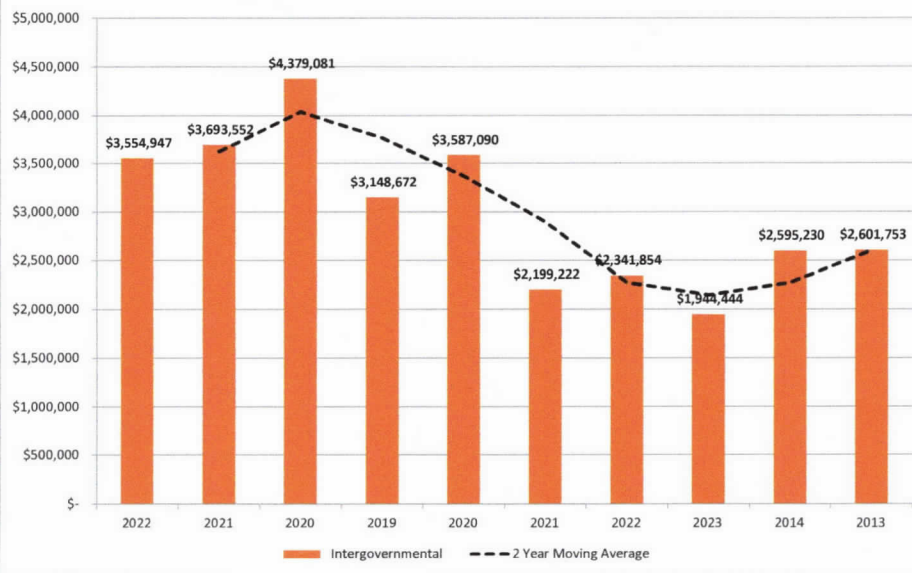
Property Tax Revenues Last Ten Years



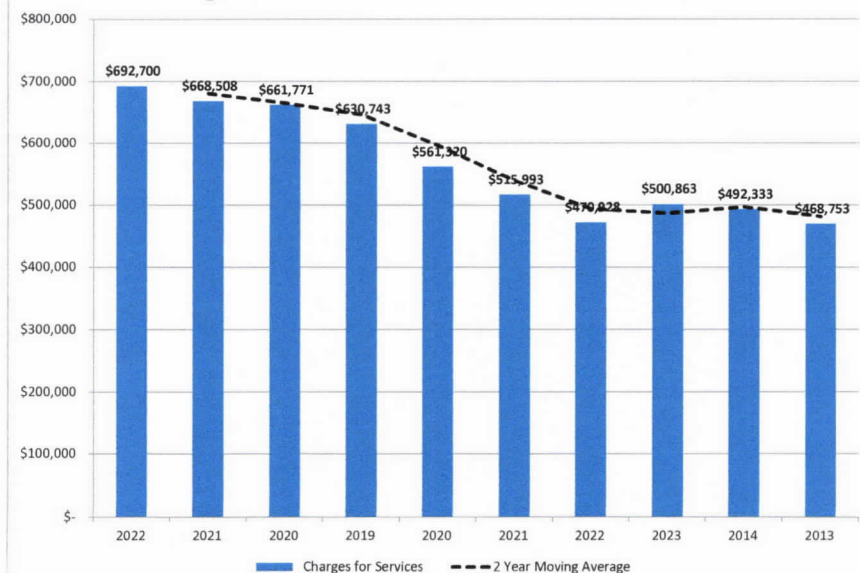
Municipal Income Tax Revenues Last Ten Years



Intergovernmental Revenues Last Ten Years



Charges for Services Revenues Last Ten Years



Assessed Value - Real Estate for Last Ten Years

Exhibit K

