



OHIO AUDITOR OF STATE  
**KEITH FABER**





SYLVANIA TOWNSHIP  
LUCAS COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Sylvania Township, Lucas County, Ohio (the Township) as of and for the year ended December 31, 2018.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***Emphasis of Matters***

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

As discussed in Note 16 to the financial statements, during 2018, the Township has elected to change its financial presentation to an accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP). We did not modify our opinions on the regulatory basis presented.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2020, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

October 7, 2020

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**Sylvania Township**  
*Lucas County*  
*Combined Statement of Receipts, Disbursements,*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$605,929	\$17,062,499			\$17,668,428
Charges for Services		1,178,483			1,178,483
Licenses, Permits and Fees	53,996	29,345			83,341
Cable Franchise Fees	437,196				437,196
Fines and Forfeitures	24,412	79,861			104,273
State and Local Grants		48,538		\$61,733	110,271
Intergovernmental	342,635	2,671,117			3,013,752
Payment in lieu of Taxes		298,206			298,206
Special Assessments		419,230			419,230
Earnings on Investments	488,242	67,571			555,813
Miscellaneous	20,031	329,153		8,765	357,949
<i>Total Cash Receipts</i>	<u>1,972,441</u>	<u>22,184,003</u>		<u>70,498</u>	<u>24,226,942</u>
<b>Cash Disbursements</b>					
Current:					
General Government	1,262,378	298,206			1,560,584
Public Safety		16,089,634			16,089,634
Public Works		2,774,308		61,733	2,836,041
Health	188,496	6,495			194,991
Human Services		543,221			543,221
Capital Outlay				1,346,084	1,346,084
Debt Service:					
Principal Retirement		64,724	\$500,000		564,724
Interest and Fiscal Charges			151,520		151,520
<i>Total Cash Disbursements</i>	<u>1,450,874</u>	<u>19,776,588</u>	<u>651,520</u>	<u>1,407,817</u>	<u>23,286,799</u>
<i>Excess (Deficiency) of Disbursements Over Receipts</i>	<u>521,567</u>	<u>2,407,415</u>	<u>(651,520)</u>	<u>(1,337,319)</u>	<u>940,143</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets				77,745	77,745
Transfers In		526,281	651,520	695,687	1,873,488
Transfers Out	(640,002)	(1,233,486)			(1,873,488)
Advances In		7,392			7,392
Advances Out		(7,392)			(7,392)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(640,002)</u>	<u>(707,205)</u>	<u>\$651,520</u>	<u>773,432</u>	<u>77,745</u>
<i>Net Change in Fund Cash Balances</i>	<u>(118,435)</u>	<u>1,700,210</u>		<u>(563,887)</u>	<u>1,017,888</u>
<i>Fund Cash Balances, January 1</i>	<u>7,591,054</u>	<u>16,261,016</u>		<u>5,968,070</u>	<u>29,820,140</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		13,895,681			13,895,681
Committed		4,065,545		5,404,183	9,469,728
Assigned	785,998				785,998
Unassigned	6,686,621				6,686,621
<i>Fund Cash Balances, December 31</i>	<u>\$7,472,619</u>	<u>\$17,961,226</u>		<u>\$5,404,183</u>	<u>\$30,838,028</u>

See accompanying notes to the financial statements

**Sylvania Township**  
*Lucas County*  
*Combined Statement of Receipts, Disbursements,*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2018*

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Internal Service	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,942,172		\$1,942,172
Miscellaneous	68,229	\$21,759	89,988
<i>Total Operating Cash Receipts</i>	<u>2,010,401</u>	<u>21,759</u>	<u>2,032,160</u>
<b>Operating Cash Disbursements</b>			
Purchased Services	250,726		250,726
Claims	2,144,306	23,763	2,168,069
<i>Total Operating Cash Disbursements</i>	<u>2,395,032</u>	<u>23,763</u>	<u>2,418,795</u>
<i>Operating Loss</i>	<u>(384,631)</u>	<u>(2,004)</u>	<u>(386,635)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,719,060</u>	<u>15,175</u>	<u>1,734,235</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,334,429</u></u>	<u><u>\$13,171</u></u>	<u><u>\$1,347,600</u></u>
<i>See accompanying notes to the basic financial statements</i>			

**Sylvania Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Sylvania Township, Lucas County, Ohio (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, cemetery maintenance, police and fire protection and emergency medical services.

***Joint Ventures and Jointly Governed Organizations***

The Township participates in a joint venture and a jointly governed organization. Note 12 to the financial statements provides additional information about Sylvania Senior Citizen Center (Senior Center), as Joint Venture and Note 13 to the financial statements provides additional information about Sylvania Area Joint Recreation District (SAJRD).

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Road and Bridge Fund*** The Road and Bridge Fund accounts for and reports proceeds of property tax revenue to provide for construction, maintenance, and repair of Township roads and bridges in the unincorporated area.

***Police Fund*** The Police Fund accounts for and reports proceeds of property tax revenues to provide fire protection to the Township in the incorporated and unincorporated areas.

***Fire Fund*** The Fire Fund accounts for and reports proceeds of property tax revenues and charges for services to provide fire protection to the Township in the incorporated and unincorporated areas.

**Sylvania Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Debt Service Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

**Bond Retirement Fund** The Bond Retirement Fund accounts and reports resources restricted for the Township's share of Sylvania Senior Center construction and for the Fire Fund General Obligation bonds issued by the Township.

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

**General Capital Project Fund** The General Capital Project Fund accounts for any Capital expenditures such as building improvements or large vehicles purchased by General Fund.

**Internal Service Fund** This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

**Self-funded Insurance Medical Fund** The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of reporting monies collected from and help on behalf of employees for Section 125 qualified medical reimbursements. The accounts are managed via a third party administrator agreement with Wage Works, Inc and the funds are paid out as billed.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

**Sylvania Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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

**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 approve estimated resources.

**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 2018 budgetary activity appears in Note 3.

***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. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values U.S. Treasury Notes at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

**Sylvania Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**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.

**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.

**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.

**Note 3 – Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,795,735	\$1,972,441	\$176,706
Special Revenue	21,902,861	22,717,676	814,815
Debt Service	651,520	651,520	
Capital Projects	711,433	843,930	132,497
Internal Service	1,890,705	2,010,401	119,696
Fiduciary	19,500	21,759	2,259
Total	\$26,971,754	\$28,217,727	\$1,245,973

**Sylvania Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,831,319	\$2,131,083	\$700,236
Special Revenue	24,196,675	21,274,577	2,922,098
Debt Service	651,520	651,520	
Capital Projects	1,871,615	1,577,306	294,309
Internal Service	2,631,130	2,397,999	233,131
Fiduciary	29,000	23,763	5,237
Total	\$32,211,259	\$28,056,248	\$4,155,011

**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	\$6,902,317
Certificates of deposit	22,646,303
Total deposits	29,548,620
U.S. Treasury Notes	2,626,313
STAR Ohio	10,516
Repurchase agreement	179
Total investments	2,637,008
Total deposits and investments	\$32,185,628

***Deposits***

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

***Investments***

The Federal Reserve holds the Township’s U.S. Treasury Notes in book-entry form by, in the name of the Township’s financial institution. The financial institution maintains records identifying the Township as owner of these securities.

The Township’s financial institution transfers securities to the Township’s agent to collateralize repurchase agreements.

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

**Sylvania Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 5 – Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Note 6 – Risk Management**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 is legally separate from its member governments.

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.

OPRM coverage programs 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



**Sylvania Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

***Self-Insurance***

The Township is also self-insured for employee health insurance. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. A comparison of Self Insurance Fund cash and investments to the actuarially measured liability as of December 31 follows:

	2018
Cash and investments	\$1,334,429
Actuarial liabilities	\$197,900

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Ohio Police and Fire Retirement System***

The Township’s certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages, respectively. The Township has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

**Sylvania Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 9 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
General Obligation Bond - Fire Fund	\$6,045,000	2.0-2.3%
General Obligation Bond - Senior Center	\$305,000	3.0-5.05%
OPWC - CL06K	\$6,977	0.00%
OPWC - CL23T	\$72,163	0.00%
Ambulance Lease	\$223,967	3.39%
Total	\$6,653,107	

During 2002, the Township issued general obligation bonds in the amount of \$1,135,000. These bonds were issued to finance the Township’s portion of the construction of the Sylvania Center. The bonds were issued for twenty years and mature December 1, 2022, carry a variable interest rate between 3.00% and 5.05%, and are collateralized solely by the Township’s taxing authority.

During 2016, the Township issued general obligation bonds in the amount of \$6,575,000 to refund the Fire Fund general obligation bonds. The bonds were issued for 15 years, maturing in 2030, carrying an interest rate between 2% and 2.3%.

During 2009, the Township entered into a loan agreement with the Ohio Public Works Commission in the amount of \$139,535 for road improvements to Mitchaw Road. This agreement is for ten years, has a zero percent interest rate, and matures July 1, 2019.

During 2017, the Township entered into a loan agreement with the Ohio Public Works Commission in the amount of \$80,181 for the resurfacing of St. James Wood & Sylvania Avenues. This agreement is for ten years, has a zero percent interest rate, and matures January 1, 2028.

***Leases***

The Township entered into a lease purchase agreement with US Bancorp Government Leasing and Financing, Inc. for a new ambulance for transporting patients as of February 1, 2018. The Township disbursed \$50,000 to pay lease principal payment per lease agreement against total cost of \$273,967 for the year ended December 31, 2018.

**Sylvania Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

***Amortization***

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

Year Ending December 31:	Leases	General Obligation Bonds	OPWC Loans
2019	\$49,450	\$674,490	\$14,995
2020	49,451	671,578	8,018
2021	49,450	663,428	8,018
2022	49,450	660,140	8,018
2023	49,450	571,500	8,018
2024 -2028		2,852,700	32,073
2029 - 2033		1,142,750	
Total	\$247,251	\$7,236,586	\$79,140

**Note 10 – Interfund Balance**

Outstanding advances at December 31, 2018, consisted of \$7,392 advanced to Special Revenue funds to provide working capital for operations or projects.

**Note 11 – Contingent Liabilities**

The Township is awaiting final accounting from Ohio Public Entity Consortium Health Cooperative (OPECHC), a public entity risk pool for health insurance that the Township belonged to until December 31, 2017. The Township withdrew from this pool effective January 1, 2018. An estimate for run-out claims has been paid. However, any possible final loss is not reasonably estimated currently.

**Note 12 - Joint Ventures**

Sylvania Senior Citizens Center (Senior Center) – the Township is a participant with the City of Sylvania (the City) in a joint venture to enhance the programs and services available to senior citizen residents in the City and the Township. The City and the Township agreed to jointly pay to construct a community center under the authority of Ohio Revised Code Section 173.11. The original agreement required the Township to bear 60% of the construction costs and the City to bear 40% of the construction costs, resulting in a 60/40 split in equity interest between the two. The community center is managed by the Sylvania Community Services Center, Inc. (SCS), an Ohio nonprofit corporation.

In 2002, the Township issued \$1,135,000 in general obligation bonds to fund the Township’s 60% of the construction costs for the community center. Funding for operating costs of the community center is provided by a 5-year .42 mills voter approved tax levy on all real property located within the Township. Taxes are collected by the Lucas County Auditor for the levy and are remitted to the Township. The remits the funds to the Senior Center. The Senior Center’s financial statements have not been included within the Township’s reporting entity.

**Sylvania Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 13 – Jointly Governed Organizations**

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 Section 755.14 (C). The SAJRD Board of Trustees is composed of twelve members, four of whom are appointed by each of the three separate governmental entities identified above. SAJRD has two supporting levies. A .85 mills permanent operating levy was passed in 1988 and replaced in 2000. In addition, a .5 mill, 25 year capital improvement levy was passed in 1994. Millage on this levy has been reduced over time to .3 mills. Taxes are collected by the Lucas County Auditor and remitted to the SAJRD Board of Trustees, SAJRD is fiscally independent of the Township and the SAJRD's financial statements have not been included within the Township's reporting entity.

**Note 14 – Miscellaneous Revenue**

Internal Service Fund miscellaneous receipts consisted primarily of proceeds for employee contributions to medical and day care.

**Note 15 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 16 – Change in Basis of Accounting**

In 2018, the Township reported their financial statements on the cash basis comparable to the requirements of *Governmental Accounting Standards*. For 2018, the Township has elected to follow the financial statement presentation following the regulatory basis of accounting described in Note 2. The fund financial statements now present a column for each fund type, rather than each major fund in a separate column with nonmajor funds aggregated and presented in a single column. The Township also no longer presents entity wide financial statements.

**Note 17 – Compliance**

Contrary to Ohio law, proceeds from the sale of a permanent improvement were incorrectly recorded in the Fire Protection Services and Police District Funds rather than in a separate Capital Projects Fund for the purchase of permanent improvements.



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NorthwestRegion@ohioauditor.gov

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Sylvania Township, Lucas County, Ohio (the Township) as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated October 7, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, we noted the Township elected to change its financial presentation to an accounting basis permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) for 2018.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

***Township's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

October 7, 2020

SYLVANIA TOWNSHIP  
LUCAS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018

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

FINDING NUMBER 2018-001

**Noncompliance Citation and Material Weakness**

**Ohio Rev. Code § 5705.10(F)** requires revenue received from the sale of a permanent improvement to be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements. **Ohio Rev. Code § 5705.01(E)** defines "permanent improvement" to mean any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.

The Township inappropriately recorded \$63,961 and \$13,784 from the sale of a fire engine and vehicle equipment (which are capital assets) in the Fire Protection Services and Police District Funds, respectively. Given the source of the revenue, these amounts and related budgeted receipts should have been recorded in a Permanent Improvement Fund or another fund authorized by **Ohio Rev. Code § 5705.10(F)**. Audit adjustments are reflected in the financial statements, notes to the financial statements, and in the accounting records correcting the misstatement.

This error occurred due to a lack of policies and procedures over reviewing sale of capital asset receipts for proper fund posting. The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed and posted to the proper funds.

**Officials' Response:**

The Township has been classifying the sale of capital assets on a consistent basis in line with prior determinations, however, this will be corrected moving forward.

FINDING NUMBER 2018-002

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Charges for services revenue in the Fire Protection Services Fund in the amount of \$804,396 was incorrectly classified as intergovernmental revenue.

This error was the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements due to deficiencies in the Township's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Board of Trustees to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct this error. Additional errors in smaller relative amounts were also noted.

**FINDING NUMBER 2018-002  
(Continued)**

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees to help identify and correct errors and omissions.

**Officials' Response:**

Sylvania Township has been classifying payments received from Lucas County for emergency medical services on a consistent basis and in line with prior audits. However, in the future, the Township will classify as directed.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**DECEMBER 31, 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2018-002	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements for errors, omissions, and proper fund balance.
2017-002	Material weakness and noncompliance with Ohio Rev. Code § 5709.75 for posting payments in lieu of taxes in the wrong fund.	Fully corrected.	

*A Place to Grow*

**Administration**  
419/882-0031

**Zoning Office**  
419/885-5276

**Road Department**  
419/882-0031



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# OHIO AUDITOR OF STATE KEITH FABER



**SYLVANIA TOWNSHIP**

**LUCAS COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/20/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)