



Dave Yost • Auditor of State

**SYLVANIA TOWNSHIP
LUCAS COUNTY
DECEMBER 31, 2017 AND 2016**

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Dave Yost • Auditor of State

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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township, Lucas County, Ohio (the Township), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township, Lucas County, Ohio, as of December 31, 2017 and 2016, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Road and Bridge, Police, and Fire funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to management's discussion and analyses as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2018, 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.



Dave Yost
Auditor of State

Columbus, Ohio

October 3, 2018

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

The management's discussion and analysis of the financial performance of Sylvania Township (the Township) provides an overall review of the Township's financial activities for the year ended December 31, 2017, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

The net position of governmental activities increased \$2,039,975 or approximately 6.9%. This was mainly due to an increase in tax collections and spending controls. Total Property and Other Local Taxes for 2017 was \$17,168,464, compared to \$16,904,041 in 2016. The Road and Bridge Fund, Police Fund, and Fire Fund, had significant increases in fund balance with the General Fund having a decrease in fund balance.

The Township's general receipts are primarily property taxes. Property tax receipts represent \$17,168,464 or approximately 74% of the total cash received for governmental activities during the year. Property tax receipts for 2017 increased by \$264,423 or approximately 1.6% which is primarily due to the increase in property tax values in 2017.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles.

Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

A three-member Board of Trustees oversees the daily activities of the Township. The Township Fiscal Officer provides various fiscal reporting and oversight functions.

The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and police and fire protection with first response emergency medical services.

The statement of net position and the statement of activities reflect how the Township did financially during 2017 within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position and the statement of activities, we report governmental activities only which include basic services such as construction, maintenance of Township roads and bridges, police and fire protection, and other governmental services. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used and is being spent for the intended purpose. The funds of the Township are split into three categories, governmental, proprietary, and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the general fund, road and bridge fund, police fund, fire fund, and general capital projects fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds - When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township does not have any enterprise funds. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has one internal service fund to account and report for the self-insurance plan claims and contributions. Because these services predominantly benefit governmental rather than business-type functions, they have primarily been included with governmental activities in the Township-wide financial statements.

Fiduciary Funds - Fiduciary funds are held in a trustee or agency capacity for others and therefore cannot be used to support the Township's own programs. The key distinction between trust funds and agency funds is that the former normally are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The Township has one fiduciary fund to account and report for the employee Section 125 Plan claims and contributions

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2017 compared to 2016 on a cash basis:

(Table 1)
Net Position

	Governmental Activities	
	2017	2016
Assets		
Cash and Cash Equivalents	\$31,539,200	\$29,499,225
Net-Position		
Restricted for:		
Public Safety	\$8,806,481	\$7,518,541
Other purposes	3,911,764	3,373,840
Unrestricted	18,820,955	18,606,844
<i>Total Net Position</i>	<i>\$31,539,200</i>	<i>\$29,499,225</i>

As mentioned previously, net position of governmental activities increased by \$2,039,975 or approximately 6.9% during 2017. The primary reason contributing to the increase in cash balances is the increase in property taxes, and careful spending.

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

Table 2 reflects the changes in net position on a cash basis in 2017 and 2016 for governmental activities.

(Table 2)
Changes in Net-Position

	Governmental Activities	
	2017	2016
Receipts:		
<i>Program Receipts:</i>		
Charges for Services and Sales	\$775,868	\$625,278
Operating Grants and Contributions	1,483,603	1,592,995
Capital Grants and Contributions	270,429	120,618
<i>Total Program Receipts</i>	<u>2,529,900</u>	<u>2,338,891</u>
<i>General Receipts:</i>		
Property and Other Local Taxes	17,168,464	16,904,041
Payment in Lieu of Taxes	278,618	298,046
Cable Franchise Fees	438,155	461,311
Intergovernmental	2,244,972	2,224,349
Interest	209,210	183,053
Miscellaneous	183,753	58,809
Sale of Capital Assets	20,762	8,464
<i>Total General Receipts</i>	<u>20,543,934</u>	<u>20,138,073</u>
Total Receipts	<u>23,073,834</u>	<u>22,476,964</u>
Disbursements:		
General Government	1,440,160	1,377,514
Public Safety	14,995,577	14,472,592
Public Works	2,720,218	2,779,424
Health	189,221	188,483
Human Services	528,713	520,342
Capital Outlay	504,380	667,345
Debt Service:		
Principal Retirement	491,700	581,703
Interest and Fiscal Charges	163,890	149,145
Total Disbursements	<u>21,033,859</u>	<u>20,736,548</u>
Change in Net Position	2,039,975	1,740,416
<i>Net Position Beginning of Year</i>	<u>29,499,225</u>	<u>27,758,809</u>
<i>Net Position End of Year</i>	<u>\$31,539,200</u>	<u>\$29,499,225</u>

Program receipts represent only 11% of total receipts and are primarily comprised of restricted receipts for police, fire, and roads and include charge for services, operating grants and contributions and capital grants and contributions. The internal service fund is used to pay for actual Medical, Dental, Vision and Wellness Cost incurred by the insured employees and their covered families. Premiums are determined by the Township for the services and those premiums are netted against the cost of the Health and Dental payments.

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

General receipts represent 89% of the Township's total receipts, and of this amount, 84% is from property and other local taxes. The remaining 16% consists of payment in lieu of taxes, cable franchise fees, intergovernmental, interest, miscellaneous, and sale of capital assets receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of elected officials, finance department personnel, as well as internal services such as payroll and purchasing.

Disbursements for Public Safety represent the cost of police and fire protection. Disbursements for Public Works represent the cost of maintenance for Township roads and bridges. Health Services disbursements are deductions for services from the health department, the cost of cemetery upkeep and the Townships cost of Medical, Dental, Vision and Wellness for its employees and their covered families and Human Services disbursements are the levy proceeds that are received for the operation of the Senior Center.

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Township. The second column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works which account for 71% and 13%, respectively, of all governmental disbursements. General government also represents a significant cost of approximately 7%. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the net cost is presented in Table 3.

(Table 3)

	Governmental Activities	
	Net Cost of Services	Net Cost of Services
	2017	2016
General Government	\$1,325,384	\$1,272,612
Public Safety	13,865,183	13,376,851
Public Works	1,435,488	1,641,499
Health	189,221	188,160
Human Services	528,713	520,342
Capital Outlay	504,380	667,345
Principal Retirement	491,700	581,703
Interest and Fiscal Charges	163,890	149,145
Net Disbursements	\$18,503,959	\$18,397,657

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

The dependence upon property tax receipts is apparent as over 88% of governmental activities are supported through general receipts.

The Township's Funds

Total governmental funds had receipts of \$23,053,072 and disbursements of \$20,985,016. All of the major governmental funds increased for the year, with the exception of the General Fund, which decreased by \$218,697.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2017, the Township amended its general fund budget several times to reflect changing circumstances. Actual receipts and other financing receipts were less than original budgeted receipts and the difference between final budgeted receipts and actual receipts was \$58,016.

Final disbursements and other financing disbursements were budgeted at \$2,444,695 while actual disbursements and other financing disbursements were \$1,913,000. The Township kept spending under the budgeted amounts as demonstrated by the reported variances.

Capital Assets and Debt Administration

Capital Assets

The Township does not report capital assets and infrastructure under the cash basis of accounting in the accompanying basis financial statements, but records payments for capital assets as disbursements.

Debt

At December 31, 2017 the Township's outstanding debt included \$375,000 in general obligation bonds issued for the construction of the Sylvania Senior Center, \$6,475,000 in general obligation bonds issued for the construction of three new fire stations, the remodeling of one fire station and the purchase of fire equipment, and \$63,680 in Ohio Public Works Commission loans for infrastructure improvements. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

Like most governments, Sylvania Township is facing complex fiscal challenges in trying to balance high quality service with declining revenues. The State of Ohio continues to decrease revenues to Townships in several areas hence the declining revenues. We rely heavily on local taxes and have very little industry to support the tax base. The Township continues to accumulate funds for future permanent improvements and capital equipment for the general, road

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

and bridge, police and fire funds. Cost allocation for services and related expenses provided to the other departments that are included in the general fund expenses were also continued in 2017.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to David J. Simko, Fiscal Officer, Sylvania Township, 4927 Holland-Sylvania Road, Sylvania, Ohio 43560.

Sylvania Township
Lucas County, Ohio
Statement of Net Position - Cash Basis
December 31, 2017

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	<u>\$31,539,200</u>
Net Position	
Restricted for:	
Public Safety	8,806,481
Other Purposes	3,911,764
Unrestricted	<u>18,820,955</u>
<i>Total Net Position</i>	<u><u>\$31,539,200</u></u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	Program Cash Receipts			Net Receipts (Disbursements) and Change in Net Position	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$1,440,160	\$95,300	\$19,476		(\$1,325,384)
Public Safety	14,995,577	215,532	914,862		(13,865,183)
Public Works	2,720,218	465,036	549,265	270,429	(1,435,489)
Health	189,221				(189,221)
Human Services	528,713				(528,713)
Capital Outlay	504,380				(504,380)
Debt Service:					
Principal Retirement	491,700				(491,700)
Interest and Fiscal Charges	163,890				(163,890)
<i>Total Governmental Activities</i>	<u>\$21,033,859</u>	<u>\$775,868</u>	<u>\$1,483,603</u>	<u>\$270,429</u>	<u>(18,503,959)</u>
General Receipts					
Property and Other Local Taxes Levied For:					
					590,501
					1,815,387
					6,469,765
					7,814,125
					478,686
					2,244,972
					278,618
					20,762
					438,155
					209,210
					183,753
					<u>20,543,934</u>
					2,039,975
					<u>29,499,225</u>
					<u>\$31,539,200</u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2017

	General	Road and Bridge Fund	Police Fund	Fire Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$7,591,054	\$3,542,769	\$5,752,756	\$3,053,725	\$3,679,651	\$6,200,185	\$29,820,140
Fund Balances							
Restricted			\$5,752,756	\$3,053,725		\$3,911,764	\$12,718,245
Committed		\$3,542,769			\$3,679,651	2,288,421	9,510,841
Assigned	\$543,422						543,422
Unassigned	7,047,632						7,047,632
Total Fund Balances	<u>\$7,591,054</u>	<u>\$3,542,769</u>	<u>\$5,752,756</u>	<u>\$3,053,725</u>	<u>\$3,679,651</u>	<u>\$6,200,185</u>	<u>\$29,820,140</u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Cash Basis
December 31, 2017

Total Governmental Fund Balances	\$29,820,140
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Amounts reported for governmental activities in the statement of net position are different because

Governmental activities' net position include the internal service funds' cash and cash equivalents. The proprietary funds' statements include these assets.

1,719,060

Net Position of Governmental Activities

\$31,539,200

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Road and Bridge Fund	Police Fund	Fire Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$590,501	\$1,815,387	\$6,469,765	\$7,814,125		\$478,686	17,168,463
Charges for Services		14,471	8,184	17,161		162,970	202,785
Licenses, Permits and Fees	70,907	110	6,165	18,787			95,969
Cable Franchise Fees	438,155						438,155
Fines and Forfeitures	24,393					56,742	81,135
State and Local Grants						212,893	212,893
Intergovernmental	324,013	338,177	878,261	1,586,140		599,291	3,725,883
Payment in Lieu of Taxes						275,593	275,593
Special Assessments						415,926	415,926
Earnings on Investments	184,531					24,679	209,210
Miscellaneous	22,613	15,192	79,029	75,682		34,543	227,059
<i>Total Receipts</i>	<u>1,655,113</u>	<u>2,183,337</u>	<u>7,441,404</u>	<u>9,511,895</u>		<u>2,261,323</u>	<u>23,053,072</u>
Disbursements							
Current:							
General Government	1,161,145					275,593	1,436,738
Public Safety			6,933,705	7,927,677		94,629	14,956,011
Public Works		1,955,449				758,914	2,714,363
Health	183,006					6,215	189,221
Human Services						528,713	528,713
Capital Outlay					\$6,080	498,300	504,380
Debt Service:							
Principal Retirement		56,700				435,000	491,700
Interest and Fiscal Charges						163,890	163,890
<i>Total Disbursements</i>	<u>1,344,151</u>	<u>2,012,149</u>	<u>6,933,705</u>	<u>7,927,677</u>	<u>6,080</u>	<u>2,761,254</u>	<u>20,985,016</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>310,962</u>	<u>171,188</u>	<u>507,699</u>	<u>1,584,218</u>	<u>(6,080)</u>	<u>(499,931)</u>	<u>2,068,056</u>
Other Financing Receipts (Disbursements)							
Sale of Capital Assets	1,078	8,780	1,904	9,000			20,762
Transfers In		331,874	59,148	27,875	25,000	1,143,887	1,587,784
Transfers Out	(530,737)	(100,000)	(150,000)	(807,047)			(1,587,784)
Advances In			4,848	58,500		8,205	71,552
Advances Out			(5,280)	(2,925)		(63,348)	(71,552)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(529,659)</u>	<u>240,654</u>	<u>(89,380)</u>	<u>(714,597)</u>	<u>25,000</u>	<u>1,088,744</u>	<u>20,762</u>
<i>Net Change in Fund Balances</i>	(218,697)	411,842	418,319	869,621	18,920	588,813	2,088,818
<i>Fund Balances Beginning of Year</i>	<u>7,809,751</u>	<u>3,130,927</u>	<u>5,334,437</u>	<u>2,184,104</u>	<u>3,660,731</u>	<u>5,611,372</u>	<u>27,731,322</u>
<i>Fund Balances End of Year</i>	<u>\$7,591,054</u>	<u>\$3,542,769</u>	<u>\$5,752,756</u>	<u>\$3,053,725</u>	<u>\$3,679,651</u>	<u>\$6,200,185</u>	<u>\$29,820,140</u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Road and Bridge Fund	Police Fund	Fire Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$590,501	\$1,815,387	\$6,469,765	\$7,814,125		\$478,686	17,168,463
Charges for Services		14,471	8,184	17,161		162,970	202,785
Licenses, Permits and Fees	70,907	110	6,165	18,787			95,969
Cable Franchise Fees	438,155						438,155
Fines and Forfeitures	24,393					56,742	81,135
State and Local Grants						212,893	212,893
Intergovernmental	324,013	338,177	878,261	1,586,140		599,291	3,725,883
Payment in Lieu of Taxes						275,593	275,593
Special Assessments						415,926	415,926
Earnings on Investments	184,531					24,679	209,210
Miscellaneous	22,613	15,192	79,029	75,682		34,543	227,059
<i>Total Receipts</i>	<u>1,655,113</u>	<u>2,183,337</u>	<u>7,441,404</u>	<u>9,511,895</u>		<u>2,261,323</u>	<u>23,053,072</u>
Disbursements							
Current:							
General Government	1,161,145					275,593	1,436,738
Public Safety			6,933,705	7,927,677		94,629	14,956,011
Public Works		1,955,449				758,914	2,714,363
Health	183,006					6,215	189,221
Human Services						528,713	528,713
Capital Outlay					\$6,080	498,300	504,380
Debt Service:							
Principal Retirement		56,700				435,000	491,700
Interest and Fiscal Charges						163,890	163,890
<i>Total Disbursements</i>	<u>1,344,151</u>	<u>2,012,149</u>	<u>6,933,705</u>	<u>7,927,677</u>	<u>6,080</u>	<u>2,761,254</u>	<u>20,985,016</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>310,962</u>	<u>171,188</u>	<u>507,699</u>	<u>1,584,218</u>	<u>(6,080)</u>	<u>(499,931)</u>	<u>2,068,056</u>
Other Financing Receipts (Disbursements)							
Sale of Capital Assets	1,078	8,780	1,904	9,000			20,762
Transfers In		331,874	59,148	27,875	25,000	1,143,887	1,587,784
Transfers Out	(530,737)	(100,000)	(150,000)	(807,047)			(1,587,784)
Advances In			4,848	58,500		8,205	71,552
Advances Out			(5,280)	(2,925)		(63,348)	(71,552)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(529,659)</u>	<u>240,654</u>	<u>(89,380)</u>	<u>(714,597)</u>	<u>25,000</u>	<u>1,088,744</u>	<u>20,762</u>
<i>Net Change in Fund Balances</i>	(218,697)	411,842	418,319	869,621	18,920	588,813	2,088,818
<i>Fund Balances Beginning of Year</i>	<u>7,809,751</u>	<u>3,130,927</u>	<u>5,334,437</u>	<u>2,184,104</u>	<u>3,660,731</u>	<u>5,611,372</u>	<u>27,731,322</u>
<i>Fund Balances End of Year</i>	<u>\$7,591,054</u>	<u>\$3,542,769</u>	<u>\$5,752,756</u>	<u>\$3,053,725</u>	<u>\$3,679,651</u>	<u>\$6,200,185</u>	<u>\$29,820,140</u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio

*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances - Governmental Funds to the Statement of Activities - Cash Basis
For the Year Ended December 31, 2017*

Net Change in Fund Balances - Total Governmental Funds	\$2,088,815
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*Amounts reported for governmental activities in the
statement of activities are different because*

Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements).

	<u>(48,843)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u><u>\$2,039,975</u></u>
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See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Proprietary Net Position - Cash Basis
Proprietary Fund
December 31, 2017

	Governmental Activities Internal Service Fund
Assets	
Cash and Cash Equivalents	<u>\$1,719,060</u>
Net Position	
Unrestricted	<u><u>\$1,719,060</u></u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Changes in Proprietary Net Position - Cash Basis
Proprietary Fund
For the Year Ended December 31, 2017

	Governmental Activities Internal Service Fund
Additions	
Contributions	\$2,013,067
Misc	14,508
<i>Total Additions</i>	<i>2,027,576</i>
Deductions	
Payments	2,076,418
Change in Net Position	(48,843)
<i>Net Position Beginning of Year</i>	<i>1,767,903</i>
<i>Net Position End of Year</i>	<i>\$1,719,060</i>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2017

	<u>Private Purpose Trust</u>
Assets	
Cash and Cash Equivalents	<u>\$15,175</u>
Net Position	
Unrestricted	<u><u>\$15,175</u></u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
For the Year Ended December 31, 2017

	Private Purpose Trust
Additions	
Contributions	\$48,656
Deductions	
Payments	45,052
Change in Net Position	3,604
<i>Net Position Beginning of Year</i>	<i>11,571</i>
<i>Net Position End of Year</i>	<i>\$15,175</i>

See accompanying notes to the basic financial statements.

**Sylvania Township
Lucas County, Ohio**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$557,900	\$557,900	\$590,501	\$32,601
Charge for Services	193,200	193,200		(193,200)
Licenses, Permits and Fees	41,000	41,000	70,907	29,907
Cable Franchise Fees	460,000	460,000	438,155	(21,845)
Fines and Forfeitures	28,600	28,600	24,393	(4,207)
Intergovernmental	343,507	343,507	324,013	(19,494)
Interest	80,000	80,000	184,531	104,531
Miscellaneous	10,000	10,000	22,613	12,613
<i>Total Receipts</i>	<u>1,714,207</u>	<u>1,714,207</u>	<u>1,655,113</u>	<u>(59,094)</u>
Disbursements				
Current:				
General Government	1,598,792	1,692,855	1,199,257	493,598
Health	190,000	190,000	183,006	6,994
<i>Total Disbursements</i>	<u>1,788,792</u>	<u>1,882,855</u>	<u>1,382,263</u>	<u>500,592</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(74,585)</u>	<u>(168,648)</u>	<u>272,850</u>	<u>441,498</u>
Other Financing Receipts (Disbursements)				
Sale of Fixed Assets			1,078	1,078
Transfers Out	(561,840)	(561,840)	(530,737)	31,103
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(561,840)</u>	<u>(561,840)</u>	<u>(529,659)</u>	<u>32,181</u>
<i>Net Change in Fund Balance</i>	(636,425)	(730,488)	(256,809)	473,679
<i>Fund Balance Beginning of Year</i>	7,692,502	7,692,502	7,692,502	
Prior Year Encumbrances	117,249	117,249	117,249	
<i>Fund Balance End of Year</i>	<u>\$7,173,326</u>	<u>\$7,079,263</u>	<u>\$7,552,942</u>	<u>\$473,679</u>

See accompanying notes to the basic financial statements.

**Sylvania Township
Lucas County, Ohio**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance
Budget and Actual - Budgetary Basis
Road and Bridge Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$1,780,000	\$1,780,000	\$1,815,387	\$35,387
Charge for Services	282,000	282,000	14,471	(267,529)
Licenses, Permits and Fees	500	500	110	(390)
Intergovernmental	235,000	235,000	338,177	103,177
Miscellaneous	2,000	2,000	15,192	13,192
<i>Total Receipts</i>	<u>2,299,500</u>	<u>2,299,500</u>	<u>2,183,337</u>	<u>(116,163)</u>
Disbursements				
Current:				
Public Works	3,030,442	3,170,932	2,156,981	1,013,951
Debt Service:				
Principal Retirement	57,000	57,000	56,700	300
<i>Total Disbursements</i>	<u>3,087,442</u>	<u>3,227,932</u>	<u>2,213,681</u>	<u>1,014,251</u>
<i>(Deficiency) of Receipts (Under) Disbursements</i>	<u>(787,942)</u>	<u>(928,432)</u>	<u>(30,344)</u>	<u>898,088</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			8,780	8,780
Transfers In	350,000	350,000	331,874	(18,126)
Transfers Out	(100,000)	(100,000)	(100,000)	
<i>Total Other Financing Receipts (Disbursements)</i>	<u>250,000</u>	<u>250,000</u>	<u>240,654</u>	<u>(9,346)</u>
<i>Net Change in Fund Balance</i>	(537,942)	(678,432)	210,310	888,742
<i>Fund Balance Beginning of Year</i>	2,845,035	2,845,035	2,845,034	
Prior Year Encumbrances	285,892	285,892	285,892	
<i>Fund Balance End of Year</i>	<u>\$2,592,985</u>	<u>\$2,452,495</u>	<u>\$3,341,236</u>	<u>\$888,741</u>

See accompanying notes to the basic financial statements.

**Sylvania Township
Lucas County, Ohio**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance
Budget and Actual - Budgetary Basis
Police Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$6,307,000	\$6,307,000	\$6,469,765	\$162,765
Charges for Services	63,000	63,000	8,184	(54,816)
Licenses, Permits and Fees	7,000	7,000	6,165	(835)
Intergovernmental	920,000	920,000	878,261	(41,739)
Miscellaneous	10,000	10,000	79,029	69,029
<i>Total Receipts</i>	<u>7,307,000</u>	<u>7,307,000</u>	<u>7,441,404</u>	<u>134,404</u>
Disbursements				
Current:				
Public Safety	<u>7,680,032</u>	<u>7,698,032</u>	<u>6,985,706</u>	<u>712,326</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(373,032)</u>	<u>(391,032)</u>	<u>455,698</u>	<u>846,730</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			1,904	1,904
Transfers In	50,000	50,000	59,148	9,148
Transfers Out	(150,000)	(150,000)	(150,000)	
Advances In	5,000	5,000	4,848	(152)
Advances Out	(4,500)	(5,280)	(5,280)	
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(99,500)</u>	<u>(100,280)</u>	<u>(89,380)</u>	<u>10,900</u>
<i>Net Change in Fund Balance</i>	(472,532)	(491,312)	366,318	857,630
<i>Fund Balance Beginning of Year</i>	5,241,455	5,241,455	5,241,455	
Prior Year Encumbrances	92,982	92,982	92,982	
<i>Fund Balance End of Year</i>	<u>\$4,861,905</u>	<u>\$4,843,125</u>	<u>\$5,700,755</u>	<u>\$857,630</u>

See accompanying notes to the basic financial statements.

**Sylvania Township
Lucas County, Ohio**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance
Budget and Actual - Budgetary Basis
Fire Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$7,520,000	\$7,520,000	\$7,814,125	\$294,125
Charges for Service	12,000	12,000	17,161	5,161
Licenses, Permits and Fees	18,000	18,000	18,787	787
Intergovernmental	1,616,000	1,616,000	1,586,140	(29,860)
Miscellaneous	10,000	10,000	75,682	65,682
<i>Total Receipts</i>	9,176,000	9,176,000	9,511,895	335,895
Disbursements				
Current:				
Public Safety	8,726,924	8,723,625	8,040,073	683,552
<i>Excess of Receipts Over Disbursements</i>	449,076	452,375	1,471,822	1,019,447
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			9,000	9,000
Transfers In	50,000	50,000	27,875	(22,125)
Transfers Out	(809,200)	(809,200)	(807,047)	2,153
Advances In			58,500	58,500
Advances Out	(51,500)	(55,425)	(2,925)	52,500
<i>Total Other Financing Receipts (Disbursements)</i>	(810,700)	(814,625)	(714,597)	100,028
<i>Net Change in Fund Balance</i>	(361,624)	(362,250)	757,225	1,119,475
<i>Fund Balance Beginning of Year</i>	2,018,080	2,018,080	2,018,079	
Prior Year Encumbrances	166,024	166,024	166,024	
<i>Fund Balance End of Year</i>	\$1,822,480	\$1,821,854	\$2,941,328	\$1,119,474

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017

NOTE 1 – REPORTING ENTITY

Sylvania Township, Lucas County, Ohio (the “Township”) was established in 1835 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Sylvania Township is the 8th largest township in the State of Ohio and as of January 1, 2000 operates under a Limited Home Rule – Urban Government. The Township is directed by a three member Board of Trustees which are elected to staggered four-year terms; in addition, there is an elected Township Fiscal Officer and an appointed Township Administrator.

The reporting entity is comprised of the primary government. There are no component units or other organizations that are required to be included in the financial statements.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and police and fire protection.

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization’s governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization’s resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township.

Based on these criteria, the Township has no component units.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interests in joint ventures.

The Township participates in one joint venture. Note 14 to the financial statements provides information about the Sylvania Senior Citizen Center (Senior Center).

Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017

NOTE 1 – REPORTING ENTITY (Continued)

The Township participates in one jointly governed organization. Note 15 to the financial statements provides information about the 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

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as non-operating.

Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the Township's major governmental funds:

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.

Road and Bridge Fund:

The road and bridge fund accounts for and reports proceeds of property tax revenues 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 police protection to the Township in the unincorporated area.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

General Capital Projects Fund:

The general capital projects fund accounts for and reports the transfer of monies from the General Fund for the purpose of capital projects such as equipment, land or buildings.

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted for a particular purpose.

Proprietary Funds

The Township classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Townships has one internal service fund to account and report for a self-insurance programs for dental and health and wellness benefits.

Fiduciary Funds

Fiduciary funds include a private purpose trust fund used to 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 accounts for reporting monies collected from and held on behalf of employees for Section 125 qualified medical reimbursements. The accounts are managed via a third party administrator agreement with Wageworks, Inc. and the funds are paid out as billed.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of amended resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During 2017, the Township invested in certificates of deposit, federal agency securities, a money market fund, and STAR Ohio. The certificates of deposit and federal agency securities are reported at cost. The money market fund is recorded at the amount reported by Charles Schwab Institutional at December 31, 2017. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township measures their investment in STAR Ohio 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.

Interest earnings are allocated to Township funds according to State statutes, Township policy, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2017 was \$184,531, which includes \$128,546 assigned from other Township funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted revenues when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for public safety through police and fire services, road and bridge construction, maintenance and repair, and street lighting. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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 contained 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.

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Changes in Cash Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and all major special revenue funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (Continued)

The encumbrances outstanding at year end (budgetary basis) amounted to \$38,112, \$201,532, \$52,001, and \$112,396 for the General, Road and Bridge, Police, and Fire funds, respectively.

NOTE 4 – DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or able to withdraw on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within two years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of

December 31, 2017, the carrying amount of the Township's deposits was \$28,956,011 and the bank balance was \$31,848,437. At year end, \$7,306,283 of the Township's bank balance of \$31,554,375 was exposed to custodial credit risk. All other deposits were FDIC insured.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2017, the Township had the following investments:

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 4– DEPOSITS AND INVESTMENTS (continued)

<u>Investment</u>	<u>Maturities</u>	<u>Carrying Value</u>
STAR Ohio	N/A	\$ 10,313
Federal Agency Securities		
Federal Home Loan Bank	02/27/2018	275,206
Federal Home Loan Bank	03/29/2018	255,596
Federal Home Loan Bank	09/28/2020	177,912
Federal Home Loan Mortgage	01/12/2018	204,055
Federal Home Loan Mortgage	04/15/2019	303,929
Federal Home Loan Mortgage	05/17/2018	165,005
Federal Home Loan Mortgage	11/17/2020	253,654
Federal National Mortgage	07/30/2020	178,767
Federal National Mortgage	12/14/2018	299,555
Federal Farm Credit Bank	07/06/2020	154,799
Federal Farm Credit Bank	06/01/2020	315,025
Money Market Fund	N/A	<u>4,548</u>
Total Investments		<u>\$2,598,364</u>

Interest Rate Risk - Township policy requires that an investment mature within two years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectations that it will be held to maturity.

Credit Risk – The federal agency securities carry a rating of AA+ to AAA by Standard and Poor’s and the money market fund and STAR Ohio carry a rating of AAAM by Standard and Poor’s. The Township has no investment policy dealing with the investment credit risk, beyond the requirements of state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by a least one nationally recognized standard rating service.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements of state statutes that prohibits payments for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer.

Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax receipts received during 2017 for real and public utility property taxes represents collections of the 2016 taxes.

2017 real property taxes are levied after October 1, 2016 on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien on December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2017 was \$23.07 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2017 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$ 1,006,829,730
Commercial/Industrial	269,622,790
Public Utility Property	
Real	36,200
Personal	<u>39,022,930</u>
Total Assessed Value	<u>\$ 1,315,511,650</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

NOTE 6 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017 the Township had obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 6 – RISK MANAGEMENT (continued)

- Errors and omissions

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System (the System) a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

During 2013 the Township added Medical, Prescription, and Vision Insurance to its self-insured list of employee benefits as well as Dental Insurance which was added in 2011. The Self-Insurance Fund pays covered claims and administrative fees to a third party administrator and recovers these costs from charges to other funds based on an actuarial method or historical cost information and adjusted over a reasonable period of time so the internal service fund receipts and disbursements are approximately equal.

Because the Township manages its Medical, Prescription, Dental and Vision benefit program it has a potential liability for incurred but not yet reported claims (IBNR). IBNR claims are claims for insured events that have occurred but not yet been reported to the third party administrator as of December 31, 2017. These claims include known loss events that are expected to later be presented as claims, unknown loss events that are expected to become claims, and expected future developments on claims already reported. A comparison of cash available to pay plan benefits to the actuarially-measured liability as of December 31, 2017 is as follows:

Cash	\$ 1,719,060
Actuarial liabilities-Dental	4,900
Actuarial Liabilities- Medical, Prescription and Vision	149,000

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description - Township employees, other than full-time firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued)

of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued)

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$947,211 for year 2017.

Ohio Police and Fire Pension Fund

Plan Description – Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued)

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:	12.25 %	12.25 %
 2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
 Total Employer	 19.50 %	 24.00 %
 Employee:	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township’s contractually required contribution to OPF was \$1,073,213 for 2017.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued)

Social Security

Six Township part-time firefighters contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

NOTE 8 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

In order to qualify for postemployment healthcare coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement healthcare coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement healthcare benefits. Employer contribution rates are expressed as a percentage of the covered

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 8 – POSTEMPLOYMENT BENEFITS (Continued)

payroll of active members. In 2017 local government employers contributed at a rate of 14.0% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2017, 2016, and 2015, were \$135,316, \$119,125, and \$116,264, respectively, which were equal to the required contributions each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 8 – POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.00% of covered payroll for fire employees. The Ohio Revised Code states that the employer contribution may not exceed 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for healthcare in two separate accounts. One for healthcare benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2014, the employer contribution allocated to the healthcare plan was .5% of covered payroll from January 1, 2014 thru December 31, 2014. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions for healthcare to the OP&F for firefighters for the years ending December 31, 2017, 2016, and 2015, were \$22,359, \$22,415, and \$21,182, respectively, which were equal to the required contributions for the year.

NOTE 9 - TAX ABATEMENT ENTERED INTO BY ANOTHER GOVERNMENT

Community Reinvestment Areas

Lucas County provides tax abatements through Community Reinvestment Areas (CRAs). Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

**NOTE 9 - TAX ABATEMENT ENTERED INTO BY ANOTHER GOVERNMENT
(Continued)**

Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

A CRA agreement entered into by Lucas County affected the property tax receipts collected and distributed to the Township. Under this agreement, the Township's property taxes were reduced by \$20,295.

NOTE 10 – DEBT

The Township's long-term debt activity for the year ended December 31, 2017 was as follows:

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>	Amount Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds:					
Senior Center	\$ 440,000	\$0	\$ 65,000	\$ 375,000	\$ 70,000
Fire Fund (2010)	370,000	0	370,000	0	0
Fire Fund (2016)	6,475,000	0	0	6,475,000	430,000
OPWC Loans:					
Corey Road	24,285	0	12,141	12,144	12,144
Westchester Woods	61,210	0	30,605	30,605	30,605
Mitchaw Road	<u>34,885</u>	<u>0</u>	<u>13,954</u>	<u>20,931</u>	<u>13,954</u>
Totals	<u>\$7,405,380</u>	<u>\$0</u>	<u>\$491,700</u>	<u>\$6,913,680</u>	<u>\$556,703</u>

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 Senior 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 2010, the Township issued \$8,500,000 in Fire Fund general obligation bonds. The bonds were issued to pay off the \$7,900,000 short term note plus interest with the remaining balance to be used to complete the construction of fire station No. 1.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 10 – DEBT (Continued)

The bonds were issued for twenty years and mature December 1, 2030, carry a variable interest rate between 2.5% and 4.1%, and are collateralized solely by the Township’s taxing authority.

During 2008, the Township entered into a loan agreement with the Ohio Public Works Commission in the amount of \$121,439 for the resurfacing of Corey Road from 0.04 miles west of Whiteford to 0.06 miles south of Monroe Street and the replacement of Culvert No. 176. This agreement is for ten years, has a zero percent interest rate, and matures January 1, 2019.

During 2008, the Township entered into a loan agreement with the Ohio Public Works Commission in the amount of \$306,051 for pavement improvement in the Westchester Woods Subdivision. This agreement is for ten years, has a zero percent interest rate, and matures January 1, 2019.

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 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%. The advanced refunding reduced debt service payments by \$511,785 and resulted in an economic gain of \$442,773.

The following is a summary of the Township’s future annual debt service requirements:

<u>Year</u>	<u>General</u>		<u>OPWC Loans</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$500,000	\$151,520	\$56,702	\$0	\$556,702	\$151,520
2019	535,000	139,490	6,978	0	541,978	139,490
2020	545,000	126,577	0	0	545,000	126,577
2021	550,000	113,428	0	0	550,000	113,428
2022	560,000	100,140	0	0	560,000	100,140
2023-2027	2,525,000	333,200	0	0	2,525,000	333,200
2028-2032	<u>1,635,000</u>	<u>73,750</u>	<u>0</u>	<u>0</u>	<u>1,635,000</u>	<u>73,750</u>
	<u>\$6,850,000</u>	<u>\$1,038,105</u>	<u>\$63,680</u>	<u>\$0</u>	<u>\$6,913,680</u>	<u>\$1,038,105</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 % of the tax valuation of the Township. The Revised Code further provides that total voted and un-voted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5% of its tax valuation. The effects of the debt limitations at December 31, 2017 were an overall debt margin of \$138,128,723 and an un-voted debt margin of \$72,353,140.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 10 – DEBT (Continued)

To assist private sector entities in acquiring and constructing improvements deemed to be in the public interest, the Township has issued Tax Incentive Financing (TIF) Agreements. In March 2003, the Township Trustees passed Resolution 03-001-0040 approving the Sylvan King Tax Increment Financing (TIF) Note. Note payments are secured by a lien against TIF payments when issued by the State of Ohio and terminate on September 1, 2018. The Note financed infrastructure improvements including the widening of Sylvania Avenue and King Road and installing sanitary sewer and water lines under Sylvania Avenue, constructing and installing sanitary sewer lines in a new road connecting Sylvania Avenue and King Road, and installing traffic signals and traffic signal improvements of Sylvania Avenue and King Road. The Township is not obligated in any manner for paying the Note, which is not reflected in the debt schedule.

NOTE 11 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Road and Bridge	Police	Fire	General Capital	Other Governmental Funds	Total
Restricted for:							
Public Safety			\$ 5,752,756	\$ 3,053,725		\$ 405,224	\$ 9,211,705
Public Works						2,888,773	2,888,773
Other purposes						617,767	617,767
<i>Total Restricted</i>			<u>5,752,756</u>	<u>3,053,725</u>		<u>3,911,764</u>	<u>12,718,245</u>
Committed to:							
Public Works		\$3,542,769				1	3,542,770
Capital Projects					\$3,679,651	2,288,420	5,968,071
<i>Total Committed</i>		<u>3,542,769</u>			<u>3,679,651</u>	<u>2,288,421</u>	<u>9,510,841</u>
Assigned to:							
Subsequent Year							
Appropriations	\$505,310						505,310
Carryover Encumbrances	38,112						38,112
<i>Total Assigned</i>	<u>543,422</u>						<u>543,422</u>
Unassigned	7,047,632						7,047,632
<i>Total Fund Balances</i>	<u>\$ 7,591,054</u>	<u>\$ 3,542,769</u>	<u>\$ 5,752,756</u>	<u>\$ 3,053,725</u>	<u>\$ 3,679,651</u>	<u>\$ 6,200,185</u>	<u>\$ 29,820,140</u>

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017**

NOTE 12 – INTERFUND TRANSFERS AND BALANCES

Transfers

During 2017, the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Funds	\$418,897
Other Governmental Funds	<u>111,840</u>
Total Transfers from the General Fund	<u>\$530,737</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition to the above transfers the following transfers were made to fund capital projects and debt payments:

Amount	From	To
\$ 100,000	Road and Bridge Fund	Road Capital Projects
150,000	Police Fund	Police Capital Projects
297,200	Fire Fund	Fire Capital Projects
509,847	Fire Fund	Debt Service Fund

***Interfund
Balances***

Interfund balances at December 31, 2017 consisted of the individual fund receivables and payables:

	Receivable	Payable
	Interfund	Interfund
Major Funds		
Police Fund	\$4,463	
Fire Fund	2,925	
Other Governmental Funds		
Police Grant Fund		4,463
Fire Grant Fund		2,925
<i>Total Governmental Activities</i>	<u>7,388</u>	<u>7,388</u>

Interfund balances at December 31, 2017, consisted of \$7,388 advanced to other governmental funds to provide working capital for operations or projects prior to receiving grant monies. The interfund receivables/payables are expected to be repaid within one year.

Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2017

NOTE 13 – CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes such refunds, if any, would be immaterial.

NOTE 14 – JOINT VENTURE

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 of Sylvania 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 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 (Note 9). 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 Township then remits the funds to the Senior Center. The Senior Center's financial statements have not been included within the Township's reporting entity.

NOTE 15 – JOINTLY GOVERNED ORGANIZATION

The Township in conjunction with the City of Sylvania and Sylvania City School District formed 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 16 – COMPLIANCE

Contrary to Ohio law, tax increment financing (TIF) receipts of \$275,593 were recorded as intergovernmental within the General fund rather than as payments in lieu of taxes within a separate tax increment equivalent fund.

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

The management's discussion and analysis of the financial performance of Sylvania Township (the Township) provides an overall review of the Township's financial activities for the year ended December 31, 2016, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

The net position of governmental activities increased \$ 1,740,416 or approximately 6.3%. This was mainly due to an increase in tax collections and spending controls. Total Property and Other Local Taxes for 2016 was \$16,904,041, compared to \$16,309,963 in 2015. The Road and Bridge Fund, Police Fund, and Fire Fund, had significant increases in net position with the General Fund having a decrease in net position.

The Township's general receipts are primarily property taxes. Property tax receipts represent \$16,904,041 or approximately 75% of the total cash received for governmental activities during the year. Property tax receipts for 2016 increased by \$594,078 or approximately 3.6% which is primarily due to the increase in property tax values in 2016.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This

Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

A three-member Board of Trustees oversees the daily activities of the Township. The Township Fiscal Officer provides various fiscal reporting and oversight functions.

The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and police and fire protection with first response emergency medical services.

The statement of net position and the statement of activities reflect how the Township did financially during 2016 within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position and the statement of activities, we report governmental activities only which include basic services such as construction, maintenance of Township roads and bridges, police and fire protection, and other governmental services. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used and is being spent for the intended purpose. The funds of the Township are split into three categories, governmental, proprietary, and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the general fund, road and bridge fund, police fund, fire fund, and general capital projects fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds - When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township does not have any enterprise funds. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has one internal service fund to account and report for the self-insurance plan claims and contributions. Because these services predominantly benefit governmental rather than business-type functions, they have primarily been included with governmental activities in the Township-wide financial statements.

Fiduciary Funds - Fiduciary funds are held in a trustee or agency capacity for others and therefore cannot be used to support the Township's own programs. The key distinction between trust funds and agency funds is that the former normally are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The Township has one fiduciary fund to account and report for the employee Section 125 Plan claims and contributions

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2016 compared to 2015 on a cash basis:

(Table 1)
Net Position

	Governmental Activities	
	2016	2015
Assets		
Cash and Cash Equivalents	\$29,499,225	\$27,758,809
Net-Position		
Restricted for:		
Public Safety	\$7,518,541	\$6,859,438
Other purposes	3,373,840	531,208
Unrestricted	18,606,844	20,368,163
<i>Total Net Position</i>	<i>\$29,499,225</i>	<i>\$27,758,809</i>

As mentioned previously, net position of governmental activities increased by \$1,740,416 or approximately 6.3% during 2016. The primary reason contributing to the increase in cash balances is the increase in property taxes and careful spending.

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

Table 2 reflects the changes in net position on a cash basis in 2016 and 2015 for governmental activities.

(Table 2)
Changes in Net Position

	Governmental Activities	
	2016	2015
Receipts:		
<i>Program Receipts:</i>		
Charges for Services and Sales	\$625,278	\$635,686
Operating Grants and Contributions	1,592,995	1,564,513
Capital Grants and Contributions	120,618	445,927
<i>Total Program Receipts</i>	<u>2,338,891</u>	<u>2,646,126</u>
<i>General Receipts:</i>		
Property and Other Local Taxes	16,904,041	16,309,963
Payment in Lieu of Taxes	298,046	273,337
Cable Franchise Fees	461,311	461,563
Intergovernmental	2,224,349	2,301,995
Interest	183,053	136,108
Miscellaneous	58,809	77,187
Sale of Capital Assets	8,464	28,797
<i>Total General Receipts</i>	<u>20,138,073</u>	<u>19,588,950</u>
Total Receipts	<u>22,476,964</u>	<u>22,235,076</u>
Disbursements:		
General Government	1,377,514	1,246,604
Public Safety	14,472,592	14,282,113
Public Works	2,779,424	3,155,645
Health	188,483	192,808
Human Services	520,342	392,844
Capital Outlay	667,345	402,666
Debt Service:		
Principal Retirement	581,703	466,702
Interest and Fiscal Charges	149,145	277,732
Total Disbursements	<u>20,736,548</u>	<u>20,417,114</u>
Change in Net Position	1,740,416	1,817,962
<i>Net Position Beginning of Year</i>	<u>27,758,809</u>	<u>25,940,847</u>
<i>Net Position End of Year</i>	<u>\$29,499,225</u>	<u>\$27,758,809</u>

Program receipts represent only 10.4% of total receipts and are primarily comprised of restricted receipts for police, fire, and roads and include charge for services, operating grants and contributions and capital grants and contributions. The internal service fund is used to pay for actual Medical, Dental, Vision and Wellness Cost incurred by the insured employees and their covered families. Premiums are determined by the Township for the services and those premiums are netted against the cost of the Health & Dental payments.

Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

General receipts represent 89.6% of the Township's total receipts, and of this amount, 83.9% is from property and other local taxes. The remaining 16.1% consists of payment in lieu of taxes, cable franchise fees, intergovernmental, interest, miscellaneous, and sale of capital assets receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of elected officials, finance department personnel, as well as internal services such as payroll and purchasing.

Disbursements for Public Safety represent the cost of police and fire protection. Disbursements for Public Works represent the cost of maintenance for Township roads and bridges. Health Services disbursements are deductions for services from the health department, the cost of cemetery upkeep and the Townships cost of Medical, Dental, Vision and Wellness for its employees and their covered families and Human Services disbursements are the levy proceeds that are received for the operation of the Senior Center.

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Township. The second column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works which account for 69.8% and 13.4%, respectively, of all governmental disbursements. General government also represents a significant cost of approximately 6.6%. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the net cost is presented in Table 3.

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

(Table 3)
Governmental Activities

	Net Cost of Services 2016	Net Cost of Services 2015
General Government	\$1,272,612	\$1,136,413
Public Safety	13,376,851	13,212,462
Public Works	1,641,499	1,692,621
Health	188,160	189,548
Human Services	520,342	392,844
Capital Outlay	667,345	402,666
Principal Retirement	581,703	466,702
Interest and Fiscal Charges	149,145	277,732
Net Disbursements	\$18,397,657	\$17,770,988

The dependence upon property tax receipts is apparent as over 88.7% of governmental activities are supported through general receipts.

The Township's Funds

Total governmental funds had receipts of \$22,468,533 and disbursements of \$20,992,926. All of the major governmental funds increased for the year, with the exception of the General Fund, which decreased by \$225,513.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2016, the Township amended its general fund budget several times to reflect changing circumstances. Actual receipts were greater than original budgeted receipts and the difference between final budgeted receipts and actual receipts was \$4,471.

Final disbursements and other financing disbursements were budgeted at \$2,441,215 while actual disbursements and other financing disbursements were \$1,949,787. The Township kept spending under the budgeted amounts as demonstrated by the reported variances.

Capital Assets and Debt Administration

Capital Assets

The Township does not report capital assets and infrastructure under the cash basis of accounting in the accompanying basis financial statements, but records payments for capital assets as disbursements.

**Sylvania Township, Lucas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

Debt

During 2016, the Township issued general obligation bonds in the amount of \$6,845,000 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%. The advanced refunding reduced debt service payments by \$511,785 and resulted in an economic gain of \$442,773.

At December 31, 2016 the Township's outstanding debt included \$440,000 in general obligation bonds issued for the construction of the Sylvania Senior Center, \$6,475,000 in general obligation bonds issued for the construction of three new fire stations, the remodeling of one fire station and the purchase of fire equipment, and \$120,380 in Ohio Public Works Commission loans for infrastructure improvements. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

Like most governments, Sylvania Township is facing complex fiscal challenges in trying to balance high quality service with declining revenues. The State of Ohio continues to decrease revenues to Townships in several areas hence the declining revenues. We rely heavily on local taxes and have very little industry to support the tax base. The Township continues to accumulate funds for future permanent improvements and capital equipment for the general, road and bridge, police and fire funds. Cost allocation for services and related expenses provided to the other departments that are included in the general fund expenses were also continued in 2015.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to David J. Simko, Fiscal Officer, Sylvania Township, 4927 Holland-Sylvania Road, Sylvania, Ohio 43560.

Sylvania Township
Lucas County, Ohio
Statement of Net Position - Cash Basis
December 31, 2016

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	<u>\$29,499,225</u>
Net Position	
Restricted for:	
Public Safety	7,518,541
Other Purposes	3,373,840
Unrestricted	<u>18,606,844</u>
<i>Total Net Position</i>	<u><u>\$29,499,225</u></u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Program Cash Receipts			Net Receipts (Disbursements) and Change in Net Position	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$1,377,514	\$85,427	\$19,475		(\$1,272,612)
Public Safety	14,472,592	66,906	1,028,835		(13,376,851)
Public Works	2,779,424	472,622	544,685	120,618	(1,641,499)
Health	188,483	323			(188,160)
Human Services	520,342				(520,342)
Capital Outlay	667,345				(667,345)
Debt Service:					
Principal Retirement	581,703				(581,703)
Interest and Fiscal Charges	149,145				(149,145)
<i>Total Governmental Activities</i>	<u>\$20,736,548</u>	<u>\$625,278</u>	<u>\$1,592,995</u>	<u>\$120,618</u>	<u>(18,397,657)</u>
General Receipts					
Property and Other Local Taxes Levied For:					
					580,815
					1,796,114
					6,402,221
					7,654,613
					470,278
					2,224,349
					298,046
					8,464
					461,311
					183,053
					58,809
					<u>20,138,073</u>
					1,740,416
					<u>27,758,809</u>
					<u>\$29,499,225</u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2016

	General	Road and Bridge Fund	Police Fund	Fire Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$7,809,751	\$3,130,927	\$5,334,437	\$2,184,104	\$3,660,731	\$5,611,372	\$27,731,322
Fund Balances							
Restricted			\$5,334,437	\$2,184,104		\$3,373,840	\$10,892,381
Committed		\$3,130,927			\$3,660,731	2,237,532	9,029,190
Assigned	\$730,488						730,488
Unassigned	7,079,263						7,079,263
Total Fund Balances	<u>\$7,809,751</u>	<u>\$3,130,927</u>	<u>\$5,334,437</u>	<u>\$2,184,104</u>	<u>\$3,660,731</u>	<u>\$5,611,372</u>	<u>\$27,731,322</u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Cash Basis
December 31, 2016

Total Governmental Fund Balances	\$27,731,322
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Amounts reported for governmental activities in the statement of net position are different because

Governmental activities' net position include the internal service funds' cash and cash equivalents. The proprietary funds' statements include these assets.

1,767,903

Net Position of Governmental Activities

\$29,499,225

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	Road and Bridge Fund	Police Fund	Fire Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$580,815	\$1,796,114	\$6,402,221	\$7,654,613		\$470,278	16,904,041
Charges for Services		18,934	8,184	12,398		19,449	58,965
Licenses, Permits and Fees	57,333	320	6,342	19,154		323	83,472
Cable Franchise Fees	461,311						461,311
Fines and Forfeitures	28,094					24,157	52,251
State and Local Grants						158,629	158,629
Intergovernmental	303,001	235,451	1,044,094	1,563,909		607,348	3,753,803
Payment in Lieu of Taxes						298,080	298,080
Special Assessments						419,054	419,054
Earnings on Investments	164,194					18,859	183,053
Miscellaneous	12,277	4,392	15,512	26,670		37,023	95,874
<i>Total Receipts</i>	<u>1,607,025</u>	<u>2,055,211</u>	<u>7,476,353</u>	<u>9,276,744</u>		<u>2,053,200</u>	<u>22,468,533</u>
Disbursements							
Current:							
General Government	1,097,411					298,080	1,395,491
Public Safety			6,863,721	7,711,063		105,447	14,680,231
Public Works		2,051,138				759,048	2,810,186
Health	183,006					5,477	188,483
Human Services						520,342	520,342
Capital Outlay					\$8,157	659,188	667,345
Debt Service:							
Principal Retirement		56,703				525,000	581,703
Interest and Fiscal Charges						149,145	149,145
<i>Total Disbursements</i>	<u>1,280,417</u>	<u>2,107,841</u>	<u>6,863,721</u>	<u>7,711,063</u>	<u>8,157</u>	<u>3,021,727</u>	<u>20,992,926</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>326,608</u>	<u>(52,630)</u>	<u>612,632</u>	<u>1,565,681</u>	<u>(8,157)</u>	<u>(968,527)</u>	<u>1,475,607</u>
Other Financing Receipts (Disbursements)							
Sale of Capital Assets			7,166	1,298			8,464
Transfers In		333,241	62,008	25,945	25,000	1,512,145	1,958,339
Transfers Out	(552,121)	(100,000)	(150,000)	(1,156,218)			(1,958,339)
Advances In			2,861	59,000		64,031	125,892
Advances Out			(4,031)	(60,000)		(61,861)	(125,892)
Bond Proceeds						6,575,000	6,575,000
Payment to Refunded Bond Escrow Agent						(6,575,000)	(6,575,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(552,121)</u>	<u>233,241</u>	<u>(81,996)</u>	<u>(1,129,975)</u>	<u>25,000</u>	<u>1,514,315</u>	<u>8,464</u>
<i>Net Change in Fund Balances</i>	<u>(225,513)</u>	<u>180,611</u>	<u>530,636</u>	<u>435,706</u>	<u>16,843</u>	<u>545,788</u>	<u>1,484,071</u>
<i>Fund Balances Beginning of Year</i>	<u>8,035,264</u>	<u>2,950,316</u>	<u>4,803,801</u>	<u>1,748,398</u>	<u>3,643,888</u>	<u>5,065,584</u>	<u>26,247,251</u>
<i>Fund Balances End of Year</i>	<u><u>\$7,809,751</u></u>	<u><u>\$3,130,927</u></u>	<u><u>\$5,334,437</u></u>	<u><u>\$2,184,104</u></u>	<u><u>\$3,660,731</u></u>	<u><u>\$5,611,372</u></u>	<u><u>\$27,731,322</u></u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio

*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances - Governmental Funds to the Statement of Activities - Cash Basis
For the Year Ended December 31, 2016*

Net Change in Fund Balances - Total Governmental Funds	\$1,484,071
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*Amounts reported for governmental activities in the
statement of activities are different because*

Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements).

256,345

Change in Net Position of Governmental Activities

\$1,740,416

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Proprietary Net Position - Cash Basis
Proprietary Fund
December 31, 2016

	Governmental Activities Internal Service Fund
Assets	
Cash and Cash Equivalents	<u>\$1,767,903</u>
Net Position	
Unrestricted	<u><u>\$1,767,903</u></u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Changes in Proprietary Net Position - Cash Basis
Proprietary Fund
For the Year Ended December 31, 2016

	Governmental Activities Internal Service Fund
Additions	
Contributions	\$2,006,102
Misc	13,772
<i>Total Additions</i>	<i>2,019,874</i>
Deductions	
Payments	1,763,529
Change in Net Position	256,345
<i>Net Position Beginning of Year</i>	<i>1,511,558</i>
<i>Net Position End of Year</i>	<i>\$1,767,903</i>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2016

	<u>Private Purpose Trust</u>
Assets	
Cash and Cash Equivalents	<u>\$11,571</u>
Net Position	
Unrestricted	<u><u>\$11,571</u></u>

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
For the Year Ended December 31, 2016

	Private Purpose Trust
Additions	
Contributions	\$39,700
Deductions	
Payments	44,194
Change in Net Position	(4,494)
<i>Net Position Beginning of Year</i>	16,065
<i>Net Position End of Year</i>	\$11,571

See accompanying notes to the basic financial statements.

**Sylvania Township
Lucas County, Ohio**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$554,400	\$554,400	\$580,815	\$26,415
Charge for Services	193,200	193,200		(193,200)
Licenses, Permits and Fees	41,400	41,400	57,333	15,933
Cable Franchise Fees	440,000	440,000	461,311	21,311
Fines and Forfeitures	28,000	28,000	28,094	94
Intergovernmental	285,554	285,554	303,001	17,447
Interest	50,000	50,000	164,194	114,194
Miscellaneous	10,000	10,000	12,277	2,277
<i>Total Receipts</i>	<u>1,602,554</u>	<u>1,602,554</u>	<u>1,607,025</u>	<u>4,471</u>
Disbursements				
Current:				
General Government	1,470,488	1,674,576	1,214,660	459,916
Health	190,000	184,480	183,006	1,474
<i>Total Disbursements</i>	<u>1,660,488</u>	<u>1,859,056</u>	<u>1,397,666</u>	<u>461,390</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(57,934)</u>	<u>(256,502)</u>	<u>209,359</u>	<u>465,861</u>
Other Financing (Disbursements)				
Transfers Out	(530,927)	(552,159)	(552,121)	38
<i>Net Change in Fund Balance</i>	(588,861)	(808,661)	(342,762)	465,899
<i>Fund Balance Beginning of Year</i>	8,006,382	8,006,382	8,006,382	
Prior Year Encumbrances	28,882	28,882	28,882	
<i>Fund Balance End of Year</i>	<u>\$7,446,403</u>	<u>\$7,226,603</u>	<u>\$7,692,502</u>	<u>\$465,899</u>

See accompanying notes to the basic financial statements.

**Sylvania Township
Lucas County, Ohio**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance
Budget and Actual - Budgetary Basis
Road and Bridge Fund
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$1,760,000	\$1,760,000	\$1,796,114	\$36,114
Charge for Services	300,000	300,000	18,934	(281,066)
Licenses, Permits and Fees	500	500	320	(180)
Intergovernmental	240,000	240,000	235,451	(4,549)
Miscellaneous	5,000	5,000	4,392	(608)
<i>Total Receipts</i>	<u>2,305,500</u>	<u>2,305,500</u>	<u>2,055,211</u>	<u>(250,289)</u>
Disbursements				
Current:				
Public Works	3,145,452	3,155,952	2,337,031	818,921
Debt Service:				
Principal Retirement	57,000	57,000	56,703	297
<i>Total Disbursements</i>	<u>3,202,452</u>	<u>3,212,952</u>	<u>2,393,734</u>	<u>819,218</u>
<i>(Deficiency) of Receipts (Under) Disbursements</i>	<u>(896,952)</u>	<u>(907,452)</u>	<u>(338,523)</u>	<u>568,929</u>
Other Financing Receipts (Disbursements)				
Transfers In	300,000	300,000	333,241	33,241
Transfers Out	(100,000)	(100,000)	(100,000)	
<i>Total Other Financing Receipts (Disbursements)</i>	<u>200,000</u>	<u>200,000</u>	<u>233,241</u>	<u>33,241</u>
<i>Net Change in Fund Balance</i>	(696,952)	(707,452)	(105,282)	602,170
<i>Fund Balance Beginning of Year</i>	2,695,114	2,695,114	2,695,114	
Prior Year Encumbrances	255,202	255,202	255,202	
<i>Fund Balance End of Year</i>	<u>\$2,253,364</u>	<u>\$2,242,864</u>	<u>\$2,845,034</u>	<u>\$602,170</u>

See accompanying notes to the basic financial statements.

**Sylvania Township
Lucas County, Ohio**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance
Budget and Actual - Budgetary Basis
Police Fund
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$6,290,000	\$6,290,000	\$6,402,221	\$112,221
Charges for Services	62,000	62,000	8,184	(53,816)
Licenses, Permits and Fees	7,000	7,000	6,342	(658)
Intergovernmental	917,000	917,000	1,044,094	127,094
Miscellaneous	10,000	10,000	15,512	5,512
<i>Total Receipts</i>	<u>7,286,000</u>	<u>7,286,000</u>	<u>7,476,353</u>	<u>190,353</u>
Disbursements				
Current:				
Public Safety	<u>7,533,646</u>	<u>7,618,064</u>	<u>6,956,703</u>	<u>661,361</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(247,646)</u>	<u>(332,064)</u>	<u>519,650</u>	<u>851,714</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			7,166	7,166
Transfers In	50,000	50,000	62,008	12,008
Transfers Out	(150,000)	(150,000)	(150,000)	
Advances In	5,000	5,000	2,861	(2,139)
Advances Out	(4,500)	(4,500)	(4,031)	
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(99,500)</u>	<u>(99,500)</u>	<u>(81,996)</u>	<u>17,035</u>
<i>Net Change in Fund Balance</i>	(347,146)	(431,564)	437,654	869,218
<i>Fund Balance Beginning of Year</i>	4,713,855	4,713,855	4,713,855	
Prior Year Encumbrances	89,946	89,946	89,946	
<i>Fund Balance End of Year</i>	<u>\$4,456,655</u>	<u>\$4,372,237</u>	<u>\$5,241,455</u>	<u>\$869,218</u>

See accompanying notes to the basic financial statements.

**Sylvania Township
Lucas County, Ohio**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance
Budget and Actual - Budgetary Basis
Fire Fund
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$7,300,000	\$7,300,000	\$7,654,613	\$354,613
Charges for Service			12,398	12,398
Licenses, Permits and Fees	30,000	30,000	19,154	(10,846)
Intergovernmental	1,641,000	1,641,000	1,563,909	(77,091)
Miscellaneous	15,000	15,000	26,670	11,670
<i>Total Receipts</i>	8,986,000	8,986,000	9,276,744	290,744
Disbursements				
Current:				
Public Safety	8,388,577	8,618,777	7,877,088	741,689
<i>Excess of Receipts Over Disbursements</i>	597,423	367,223	1,399,656	1,032,433
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	5,000	5,000	1,298	(3,702)
Transfers In	50,000	50,000	25,945	(24,055)
Transfers Out	(1,173,265)	(1,173,265)	(1,156,218)	17,047
Advances In			59,000	59,000
Advances Out	(60,000)	(60,000)	(60,000)	
<i>Total Other Financing Receipts (Disbursements)</i>	(1,178,265)	(1,178,265)	(1,129,975)	48,290
<i>Net Change in Fund Balance</i>	(580,842)	(721,042)	269,681	990,723
<i>Fund Balance Beginning of Year</i>	1,645,201	1,645,201	1,645,201	
Prior Year Encumbrances	103,197	103,197	103,197	
<i>Fund Balance End of Year</i>	\$1,167,556	\$1,027,356	\$2,018,079	\$990,723

See accompanying notes to the basic financial statements.

Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016

NOTE 1 – REPORTING ENTITY

Sylvania Township, Lucas County, Ohio (the “Township”) was established in 1835 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Sylvania Township is the 8th largest township in the State of Ohio and as of January 1, 2000 operates under a Limited Home Rule – Urban Government. The Township is directed by a three member Board of Trustees which are elected to staggered four-year terms; in addition, there is an elected Township Fiscal Officer and an appointed Township Administrator.

The reporting entity is comprised of the primary government. There are no component units or other organizations that are required to be included in the financial statements.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and police and fire protection.

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization’s governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization’s resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township.

Based on these criteria, the Township has no component units.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interests in joint ventures.

The Township participates in one joint venture. Note 14 to the financial statements provides information about the Sylvania Senior Citizen Center (Senior Center).

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 1 – REPORTING ENTITY (Continued)

The Township participates in one jointly governed organization. Note 15 to the financial statements provides information about the 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

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as non-operating.

Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the Township's major governmental funds:

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.

Road and Bridge Fund:

The road and bridge fund accounts for and reports proceeds of property tax revenues 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 police protection to the Township in the unincorporated area.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

General Capital Projects Fund:

The general capital projects fund accounts for and reports the transfer of monies from the General Fund for the purpose of capital projects such as equipment, land or buildings.

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted for a particular purpose.

Proprietary Funds

The Township classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Townships has one internal service fund to account and report for a self-insurance programs for dental and health and wellness benefits.

Fiduciary Funds

Fiduciary funds include a private purpose trust fund used to 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 accounts for reporting monies collected from and held on behalf of employees for Section 125 qualified medical reimbursements. The accounts are managed via a third party administrator agreement with Wageworks, Inc. and the funds are paid out as billed.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of amended resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During 2016, the Township invested in certificates of deposit, federal agency securities, a money market fund, and STAR Ohio. The certificates of deposit and federal agency securities are reported at cost. The money market fund is recorded at the amount reported by Charles Schwab Institutional at December 31, 2016. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township measures their investment in STAR Ohio 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.

Interest earnings are allocated to Township funds according to State statutes, Township policy, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 was \$164,194, which includes \$110,460 assigned from other Township funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted revenues when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for public safety through police and fire services, road and bridge construction, maintenance and repair, and street lighting. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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 contained 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.

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Changes in Cash Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and all major special revenue funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (Continued)

The encumbrances outstanding at year end (budgetary basis) amounted to \$117,249, \$285,893, \$92,982, and \$166,025 for the General, Road and Bridge, Police, and Fire funds, respectively.

NOTE 4– DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or able to withdraw on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 4— DEPOSITS AND INVESTMENTS (continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within two years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2016, the carrying amount of the Township's deposits was \$26,935,665 and the bank balance was \$29,614,237. At year end, \$5,157,900 of the Township's bank balance of \$29,614,237 was exposed to custodial credit risk. All other deposits were FDIC insured.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2016, the Township had the following investments:

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 4– DEPOSITS AND INVESTMENTS (continued)

<u>Investment</u>	<u>Maturities</u>	<u>Carrying Value</u>
STAR Ohio	N/A	\$ 10,204
Federal Agency Securities		
Federal Home Loan Bank	02/27/2018	275,206
Federal Home Loan Bank	03/29/2018	255,596
Federal Home Loan Bank	05/30/2017	299,583
Federal Home Loan Mortgage	01/12/2018	204,055
Federal Home Loan Mortgage	04/15/2019	303,929
Federal Home Loan Mortgage	05/17/2018	165,025
Federal Home Loan Mortgage	06/29/2017	154,851
Federal National Mortgage	10/26/2017	348,611
Federal National Mortgage	12/14/2018	299,555
Federal National Mortgage	12/20/2017	249,865
Money Market Fund	N/A	<u>8,651</u>
Total Investments		<u>\$2,575,131</u>

Interest Rate Risk - Township policy requires that an investment mature within two years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectations that it will be held to maturity.

Credit Risk – The federal agency securities carry a rating of AA+ to AAA by Standard and Poor’s and the money market fund and STAR Ohio carry a rating of AAAM by Standard and Poor’s. The Township has no investment policy dealing with the investment credit risk, beyond the requirements of state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by a least one nationally recognized standard rating service.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements of state statutes that prohibits payments for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer.

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax receipts received during 2016 for real and public utility property taxes represents collections of the 2015 taxes.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 5 – PROPERTY TAXES (continued)

2016 real property taxes are levied after October 1, 2015 on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien on December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2016 was \$23.07 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2016 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$ 998,147,240
Commercial/Industrial	266,434,350
Public Utility Property	
Real	37,900
Personal	<u>35,003,030</u>
Total Assessed Value	<u><u>\$1,299,622,520</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

NOTE 6 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016 the Township had obtained commercial insurance for the following risks:

Comprehensive property and general liability
Vehicles
Errors and omissions

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 6 – RISK MANAGEMENT (continued)

The Township pays the State Workers’ Compensation System (the System) a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

During 2013 the Township added Medical, Prescription, and Vision Insurance to its self-insured list of employee benefits as well as Dental Insurance which was added in 2011. The Self-Insurance Fund pays covered claims and administrative fees to a third party administrator and recovers these costs from charges to other funds based on an actuarial method or historical cost information and adjusted over a reasonable period of time so the internal service fund receipts and disbursements are approximately equal.

Because the Township manages its Medical, Prescription, Dental and Vision benefit program it has a potential liability for incurred but not yet reported claims (IBNR). IBNR claims are claims for insured events that have occurred but not yet been reported to the third party administrator as of December 31, 2016. These claims include known loss events that are expected to later be presented as claims, unknown loss events that are expected to become claims, and expected future developments on claims already reported. A comparison of cash available to pay plan benefits to the actuarially-measured liability as of December 31, 2016 is as follows:

Cash	\$1,767,903
Actuarial liabilities-Dental	\$ 5,100
Actuarial Liabilities- Medical, Prescription & Vision	\$ 159,000

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description - Township employees, other than full-time firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued)

calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued)

COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0	1.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$940,583 for year 2016.

Ohio Police and Fire Pension Fund

Plan Description – Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued)

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:	12.25 %	12.25 %
 2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee:	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF was \$1,067,377 for 2016.

Social Security

Six Township part-time firefighters contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued)

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

NOTE 8 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

In order to qualify for postemployment healthcare coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement healthcare coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement healthcare benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016 local government employers contributed at a rate of 14.0% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 8 – POSTEMPLOYMENT BENEFITS (Continued)

OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment healthcare benefits. The portion of employer contributions allocated to healthcare for members in the Tradition Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to healthcare for members in the Combined Plan was 1.0% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rule for the payment of a portion of healthcare benefits provided, by the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2016, 2015, and 2014, were \$119,125, \$116,264, and \$115,588, respectively, which were equal to the required contributions each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 8 – POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.00% of covered payroll for fire employees. The Ohio Revised Code states that the employer contribution may not exceed 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for healthcare in two separate accounts. One for healthcare benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2014, the employer contribution allocated to the healthcare plan was .5% of covered payroll from January 1, 2014 thru December 31, 2014. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions for healthcare to the OP&F for firefighters for the years ending December 31, 2016, 2015, and 2014, were \$22,415, \$21,182, and \$21,014, respectively, which were equal to the required contributions for the year.

NOTE 9 - TAX ABATEMENT ENTERED INTO BY ANOTHER GOVERNMENT

Community Reinvestment Areas

Lucas County provides tax abatements through Community Reinvestment Areas (CRAs). Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

**NOTE 9 - TAX ABATEMENT ENTERED INTO BY ANOTHER GOVERNMENT
(Continued)**

Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

A CRA agreement entered into by Lucas County affected the property tax receipts collected and distributed to the Township. Under this agreement, the Township's property taxes were reduced by \$14,912.

NOTE 10 – DEBT

The Township's long-term debt activity for the year ended December 31, 2016 was as follows:

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>	Amount Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds:					
Senior Center	\$ 505,000	\$0	\$ 65,000	\$ 440,000	\$ 65,000
Fire Fund (2010)	6,830,000	0	6,460,000	370,000	370,000
Fire Fund (2016)	0	6,575,000	100,000	6,475,000	0
OPWC Loans:					
Corey Road	36,431	0	12,146	24,285	12,144
Westchester Woods	91,815	0	30,605	61,210	30,605
Mitchaw Road	<u>48,837</u>	<u>0</u>	<u>13,952</u>	<u>34,885</u>	<u>13,954</u>
Totals	<u>\$7,512,083</u>	<u>\$6,575,000</u>	<u>\$6,681,703</u>	<u>\$7,405,380</u>	<u>\$491,703</u>

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 Senior 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 2010, the Township issued \$8,500,000 in Fire Fund general obligation bonds. The bonds were issued to pay off the \$7,900,000 short term note plus interest with the remaining balance to be used to complete the construction of fire station No. 1.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 10 – DEBT (Continued)

The bonds were issued for twenty years and mature December 1, 2030, carry a variable interest rate between 2.5% and 4.1%, and are collateralized solely by the Township’s taxing authority.

During 2008, the Township entered into a loan agreement with the Ohio Public Works Commission in the amount of \$121,439 for the resurfacing of Corey Road from 0.04 miles west of Whiteford to 0.06 miles south of Monroe Street and the replacement of Culvert No. 176. This agreement is for ten years, has a zero percent interest rate, and matures January 1, 2019.

During 2008, the Township entered into a loan agreement with the Ohio Public Works Commission in the amount of \$306,051 for pavement improvement in the Westchester Woods Subdivision. This agreement is for ten years, has a zero percent interest rate, and matures January 1, 2019.

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 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%. The advanced refunding reduced debt service payments by \$511,785 and resulted in an economic gain of \$442,773.

The following is a summary of the Township’s future annual debt service requirements:

<u>Year</u>	<u>General</u>		<u>OPWC Loans</u>		<u>Total</u>	
	<u>Obligation Bonds</u>					
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	435,000	163,890	56,702	0	491,702	163,890
2018	500,000	151,520	56,702	0	556,702	151,520
2019	535,000	139,490	6,976	0	541,976	139,490
2020	545,000	126,577	0	0	545,000	126,577
2021	550,000	113,428	0	0	550,000	113,428
2022-2026	2,565,000	386,940	0	0	2,565,000	386,940
2027-2030	<u>2,155,000</u>	<u>120,150</u>	<u>0</u>	<u>0</u>	<u>2,155,000</u>	<u>120,150</u>
	<u>\$7,285,000</u>	<u>\$1,201,995</u>	<u>\$120,380</u>	<u>\$0</u>	<u>\$7,405,380</u>	<u>\$1,201,995</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 % of the tax valuation of the Township. The Revised Code further provides that total voted and un-voted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5% of its tax valuation. The effects of the debt limitations at December 31, 2016 were an overall debt margin of \$136,460,365 and an un-voted debt margin of \$71,479,239.

Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016

NOTE 10 – DEBT (Continued)

To assist private sector entities in acquiring and constructing improvements deemed to be in the public interest, the Township has issued Tax Incentive Financing (TIF) Agreements. In March 2003, the Township Trustees passed Resolution 03-001-0040 approving the Sylvan King Tax Increment Financing (TIF) Note. Note payments are secured by a lien against TIF payments when issued by the State of Ohio and terminate on September 1, 2018. The Note financed infrastructure improvements including the widening of Sylvania Avenue and King Road and installing sanitary sewer and water lines under Sylvania Avenue, constructing and installing sanitary sewer lines in a new road connecting Sylvania Avenue and King Road, and installing traffic signals and traffic signal improvements of Sylvania Avenue and King Road. The Township is not obligated in any manner for paying the Note, which is not reflected in the debt schedule.

NOTE 11 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Road and Bridge	Police	Fire	General Capital	Other Governmental Funds	Total
Restricted for:							
Public Safety			\$ 5,334,437	\$ 2,184,104		\$ 295,024	\$ 7,813,565
Public Works						2,498,384	2,498,384
Other purposes						580,432	580,432
<i>Total Restricted</i>			<u>5,334,437</u>	<u>2,184,104</u>		<u>3,373,840</u>	<u>10,892,381</u>
Committed to:							
Public Works		\$3,130,927				2,204	3,133,131
Capital Projects					\$3,660,731	2,235,328	5,896,059
<i>Total Committed</i>		<u>3,130,927</u>			<u>3,660,731</u>	<u>2,237,532</u>	<u>9,029,190</u>
Assigned to:							
Subsequent Year							
Appropriations	\$613,239						613,239
Carryover Encumbrances	117,249						117,249
<i>Total Assigned</i>	<u>730,488</u>						<u>730,488</u>
Unassigned	7,079,263						7,079,263
<i>Total Fund Balances</i>	<u>\$ 7,809,751</u>	<u>\$ 3,130,927</u>	<u>\$ 5,334,437</u>	<u>\$ 2,184,104</u>	<u>\$ 3,660,731</u>	<u>\$ 5,611,372</u>	<u>\$ 27,731,322</u>

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 12 – INTERFUND TRANSFERS

Transfers

During 2016, the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Funds	\$421,193
Other Governmental Funds	<u>130,928</u>
Total Transfers from the General Fund	<u>\$552,121</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition to the above transfers the following transfers were made to fund capital projects and debt payments:

Amount	From	To
\$ 100,000	Road & Bridge Fund	Road Capital Projects
150,000	Police Fund	Police Capital Projects
572,000	Fire Fund	Fire Capital Projects
584,218	Fire Fund	Debt Service Fund

Interfund Balances

Interfund balances at December 31, 2016 consisted of the individual fund receivables and payables:

	Receivable	Payable
	Interfund	Interfund
Major Funds		
Police Fund	\$4,031	
Fire Fund	58,500	
Other Governmental Funds		
Police Grant Fund		4,031
EMS Fund		58,500
<i>Total Governmental Activities</i>	62,531	62,531

Interfund balances at December 31, 2016, consisted of \$62,531 advanced to other governmental funds to provide working capital for operations or projects prior to receiving grant monies and charges for services. The interfund receivables/payables are expected to be repaid within one year.

**Sylvania Township
Lucas County, Ohio
Notes to the Basic Financial Statements, Continued
For the Year Ended December 31, 2016**

NOTE 13 – CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes such refunds, if any, would be immaterial.

NOTE 14 – JOINT VENTURE

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 of Sylvania 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 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 (Note 9). 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 Township then remits the funds to the Senior Center. The Senior Center's financial statements have not been included within the Township's reporting entity.

NOTE 15 – 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 (the "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 16 – COMPLIANCE

Contrary to Ohio law, tax increment financing (TIF) receipts of \$298,046 were recorded as intergovernmental within the General fund rather than as payments in lieu of taxes within a separate tax increment equivalent fund.



Dave Yost • Auditor of State

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 governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township, Lucas County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 3, 2018, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

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 2017-001 and 2017-002 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 2017-002.

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 responses 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

October 3, 2018

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Material Weakness

Financial Reporting

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

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Township's activity. The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

The following errors were noted in the Township's financial statements and footnotes:

- Restricted net position of \$2,923,902 in 2017 and \$2,539,729 in 2016 was classified as unrestricted on the Statement of Net Position;
- Ending fund balances in the Motor Vehicle License Tax, Gasoline Tax, Permissive Motor Vehicle License Tax, and Cemetery funds were classified as Committed rather than Restricted as required by Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod. 1800.165-.179. These amounts resulted in a total reclassification of ending balances within Other Governmental Funds of \$2,923,902 in 2017 and \$2,539,729 in 2016;
- Fund balance related to appropriations in excess of estimated receipts within the General Fund of \$505,310 in 2017 and \$613,239 in 2016 was recorded as Unassigned rather than Assigned as required by Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod. 1800.176;
- An advance bond refunding of \$6,575,000 in 2016 was not recorded in the Township's accounting records or financial statements as bond proceeds and payment to refunded bond escrow agent.

These errors were not identified and corrected prior to the Township preparing its financial statements and footnotes due to deficiencies in the Township's internal controls over financial statement monitoring. The accompanying financial statements and footnotes have been adjusted to correct these errors. Failing to prepare accurate financial statements could lead to the Board or financial statement user to make misinformed decisions. Additional errors were noted in smaller relative amounts.

To help ensure the Township's financial statements and footnotes are complete and accurate, the Township should adopt policies and procedures, including a final review of the financial statements and footnotes by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. The Fiscal Officer can refer to Auditor of State Bulletin 2011-004 for information on GASB Statement No. 54.

Officials' Response:

Although, the Township has been classifying these equity amounts on a consistent basis and has not been cited in past, we will examine AOS Bulletin 2011-004 closely in future in respect to classification of restricted funds as per GASB 54. In future any advance bond refunding will be recorded in Township records as required.

FINDING NUMBER 2017-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5709.75 requires any township that receives service payments in lieu of taxes under section 5709.74 of the Revised Code shall establish a township public improvement tax increment equivalent fund into which those payments shall be deposited.

The Township received payments in lieu of taxes under a Tax Increment Financing (TIF) agreement in the amount of \$275,593 in 2017 and \$298,046 in 2016. Rather than recording the amounts in a separate tax increment equivalent fund, the Township recorded them as intergovernmental receipts within the General fund. This error was caused due to inadequate policies and procedures over the accounting for TIF receipts. Failure to properly account for TIF receipts in a separate fund could result in TIF revenues being used for purposes inconsistent with the TIF agreement.

The accompanying financial statements have been adjusted to correct these errors. In addition, TIF related disbursements equal to the amounts received were also adjusted. The Township should review AOS Bulletin 2010-003 and establish a separate fund to account for TIF receipts and disbursements.

Officials' Response:

Although, the Township has been classifying TIF monies in the General fund on a consistent basis and has not been cited in past, in the future a separate fund will be established as per Revised Code.

Auditor of State's Conclusion:

Regarding the two comments above that "Although, Township have been classifying equity amounts and TIF monies on a consistent basis and have not been cited in past", it is important to note that failing to include a citation or material weakness is not an indication the Auditor's Office approves of such classifications. It is the Township's responsibility to follow all laws pertaining to the Township as presented in the Ohio Revised Code. It is also the Township's responsibility to follow all Auditor of State Bulletins that pertain to the Township as well.

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Dave Yost • Auditor of State

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
OCTOBER 18, 2018