



OHIO AUDITOR OF STATE
KEITH FABER



**SYLVANIA TOWNSHIP
LUCAS COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Sylvania Township, Lucas County, Ohio (the Township) as of and for the year ended December 31, 2019.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Sylvania Township, Lucas County, Ohio as of December 31, 2019, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matters

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

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 7, 2020.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

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



Keith Faber
Auditor of State

Columbus, Ohio

October 7, 2020, except for our report on the supplementary information for which the date is October 28, 2020.

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Sylvania Township
Lucas County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$664,912	\$17,337,277			\$18,002,189
Charges for Services		1,486,121			1,486,121
Licenses, Permits and Fees	71,495	24,228			95,723
Cable Franchise Fees	380,539				380,539
Fines and Forfeitures	27,477	41,096			68,573
State and Local Grants		970,956		\$444,540	1,415,496
Intergovernmental	316,623	2,676,015			2,992,638
Payment in lieu of Taxes		314,157			314,157
Special Assessments		420,969			420,969
Earnings on Investments	646,990	93,967			740,957
Miscellaneous	20,190	226,128		3,299	249,617
<i>Total Cash Receipts</i>	<u>2,128,226</u>	<u>23,590,914</u>		<u>447,839</u>	<u>26,166,979</u>
Cash Disbursements					
Current:					
General Government	1,159,230	314,663			1,473,893
Public Safety		18,117,919			18,117,919
Public Works		3,122,502		538,263	3,660,765
Health	188,496	6,022			194,518
Human Services		541,194			541,194
Capital Outlay				742,052	742,052
Debt Service:					
Principal Retirement		61,533	\$535,000		596,533
Interest and Fiscal Charges		7,592	139,490		147,082
<i>Total Cash Disbursements</i>	<u>1,347,726</u>	<u>22,171,425</u>	<u>674,490</u>	<u>1,280,315</u>	<u>25,473,956</u>
<i>Excess (Deficiency) of Disbursements Over Receipts</i>	<u>780,500</u>	<u>1,419,489</u>	<u>(674,490)</u>	<u>(832,476)</u>	<u>693,023</u>
Other Financing Receipts (Disbursements)					
Loan Proceeds				93,724	93,724
Sale of Capital Assets				11,027	11,027
Transfers In		489,746	674,490	675,000	1,839,236
Transfers Out	(580,036)	(1,259,200)			(1,839,236)
Advances In		12,139			12,139
Advances Out	(506)	(11,633)			(12,139)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(580,542)</u>	<u>(768,948)</u>	<u>\$674,490</u>	<u>779,751</u>	<u>104,751</u>
<i>Net Change in Fund Cash Balances</i>	199,958	650,541		(52,725)	797,774
<i>Fund Cash Balances, January 1</i>	<u>7,472,619</u>	<u>17,961,226</u>		<u>5,404,183</u>	<u>30,838,028</u>
Fund Cash Balances, December 31					
Restricted		14,397,774			14,397,774
Committed		4,213,993		5,351,458	9,565,451
Assigned	471,182				471,182
Unassigned	7,201,395				7,201,395
<i>Fund Cash Balances, December 31</i>	<u>\$7,672,577</u>	<u>\$18,611,767</u>		<u>\$5,351,458</u>	<u>\$31,635,802</u>

See accompanying notes to the financial statements

Sylvania Township
Lucas County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Types	Fiduciary Fund Types		Totals
	Internal Service	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$2,205,746			\$2,205,746
Miscellaneous	540,812	\$40,000	\$13,922	594,734
<i>Total Operating Cash Receipts</i>	<u>2,746,558</u>	<u>40,000</u>	<u>13,922</u>	<u>2,800,480</u>
Operating Cash Disbursements				
Purchased Services	354,947			354,947
Claims	2,692,987		15,823	2,708,810
<i>Total Operating Cash Disbursements</i>	<u>3,047,934</u>		<u>15,823</u>	<u>3,063,757</u>
<i>Operating Income (Loss)</i>	<u>(301,376)</u>	<u>40,000</u>	<u>(1,901)</u>	<u>(263,277)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,334,429</u>		<u>13,171</u>	<u>1,347,600</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,033,053</u>	<u>\$40,000</u>	<u>\$11,270</u>	<u>\$1,084,323</u>

See accompanying notes to the basic financial statements

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sylvania Township, Lucas County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, police and fire protection and emergency medical services.

Joint Ventures and Jointly Governed Organizations

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

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

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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

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

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

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

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

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

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

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's agency fund accounts for escrow funds.

Basis of Accounting

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

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

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Budgetary Process

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

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

Unassigned Unassigned fund balance is the residual classification for the General fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,827,000	\$2,128,226	\$301,226
Special Revenue	23,869,334	24,092,799	223,465
Debt Service	674,490	674,490	
Capital Projects	1,213,264	1,227,590	14,326
Internal Service	2,360,000	2,746,558	386,558
Fiduciary	13,922	13,922	
Total	\$29,958,010	\$30,883,585	\$925,575

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,612,998	\$2,004,404	\$608,594
Special Revenue	26,568,787	24,723,176	1,845,611
Debt Service	674,490	674,490	
Capital Projects	1,587,453	1,324,166	263,287
Internal Service	3,459,504	3,048,834	410,670
Fiduciary	27,093	15,823	11,270
Total	\$34,930,325	\$31,790,893	\$3,139,432

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$7,350,736
Certificates of deposit	22,678,205
Total deposits	30,028,941
U.S. Treasury Notes	2,652,955
STAR Ohio	10,763
Repurchase agreement	27,466
Total investments	2,691,184
Total deposits and investments	\$32,720,125

Deposits

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

Investments

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

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

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

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 5 – Property Taxes

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

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

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

Note 6 – Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members’ Equity	<u>\$ 4,591,493</u>

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

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Self-Insurance

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

	<u>2019</u>
Cash and investments	\$1,033,053
Actuarial liabilities	\$202,200

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
General Obligation Bond - Fire Fund	\$5,585,000	2.0-2.3%
General Obligation Bond - Senior Center	\$230,000	3.0-5.05%
OPWC - CL19U	\$89,037	0.00%
OPWC - CL23T	\$64,145	0.00%
Ambulance Lease 2018	\$182,109	3.39%
Ambulance Lease 2019	\$292,714	3.87%
Total	\$6,443,005	

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

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

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

During 2019, the Township entered into a loan agreement with the Ohio Public Works Commission in the amount of \$93,724 for road improvements to the Fair Hills, Corey Woods, and McCord subdivisions. This agreement is for ten years, has a zero percent interest rate, and matures January 1, 2028.

Leases

The Township entered into a lease purchase agreement with US Bancorp Government Leasing and Financing, Inc. for an ambulance for transporting patients as of February 1, 2018. The Township disbursed \$41,858 to pay lease costs for the year ended December 31, 2019.

The Township entered into a lease purchase agreement with US Bancorp Government Leasing and Financing, Inc. for a new ambulance for transporting patients as of February 1, 2019. The first lease payment is due February 15, 2020.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Amortization

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

Year Ending December 31:	Leases	General Obligation Bonds	OPWC Loans
2020	\$114,962	\$671,578	\$17,390
2021	114,962	663,428	17,390
2022	114,962	660,140	17,390
2023	114,962	571,500	17,390
2024	65,512	576,800	17,390
2025 - 2029		2,845,770	66,232
2030 - 2034		572,880	
Total	\$525,360	\$6,562,096	\$153,182

Note 10 – Interfund Balance

Outstanding advances at December 31, 2019, consisted of \$12,139 advanced to Special Revenue funds to provide working capital for operations or projects.

Note 11 – Contingent Liabilities

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

Note 12 - Joint Ventures

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

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

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 13 – Jointly Governed Organizations

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

Note 14 – Miscellaneous Revenue

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

Note 15 – Subsequent Events

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

SYLVANIA TOWNSHIP
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency:</i>			
<u>Assistance to Firefighter Grant</u>			
Regional Radio Grant	97.044		\$ 712,820
Self Contained Breathing Apparatus Grant (SCBA)	97.044		<u>223,223</u>
Total U.S. Department of Homeland Security			<u>936,043</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Public Safety:</i>			
<u>Highway Safety Cluster:</u>			
State and Community Highway Safety	20.600	IDEP/STEP-2020 Sylvania Twp Pol Depa-00070	<u>8,763</u>
Total Highway Safety Cluster			8,763
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP/STEP-2020 Sylvania Twp Pol Depa-00070	<u>12,990</u>
Total U.S. Department of Transportation			<u>21,753</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Attorney General's Office:</i>			
Bulletproof Vest Partnership Program	16.607		<u>905</u>
Total U.S. Department of Justice			<u>905</u>
Total Expenditures of Federal Awards			<u><u>\$958,701</u></u>

The accompanying notes are an integral part of this schedule.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Sylvania Township, Lucas County, Ohio (the Township) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the fund balances or changes in fund balances of the Township.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require the Township to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Township has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Sylvania Township, Lucas County, Ohio (the Township) as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated October 7, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Additionally, we noted we have not performed any procedures with respect to the audited financial statements subsequent to October 7, 2020.

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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Township's Response to Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

October 7, 2020, except for our report on the supplementary information for which the date is October 28, 2020.

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
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NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited Sylvania Township, Lucas County, Ohio's (the Township) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Sylvania Township's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Township's major federal program.

Management's Responsibility

The Township's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Township's compliance for the Township's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Township's major program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on the Major Federal Program

In our opinion, Sylvania Township complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Township's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 7, 2020

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Assistance to Firefighter Grant – CFDA # 97.044
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2019-001

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.

The following errors were identified in the accompanying financial statements:

- Charges for services revenue in the Fire Protection Services Fund in the amount of \$804,396 was incorrectly classified as intergovernmental revenue; and
- Loan proceeds in the OPWC Project Fund in the amount of \$93,724 was incorrectly classified as intergovernmental revenue.

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

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

Officials' Response:

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

Regarding the second bullet point, the Township has been classifying the OPWC funds on a consistent basis and in line with prior audits, however, in the future, the Township will classify as directed.

3. FINDINGS FOR FEDERAL AWARDS

None

Board of Trustees

John Crandall
John Jennewine
Neal Mahoney

Fiscal Officer

David J. Simko

Administrator

Oliver Turner

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material weakness and noncompliance with Ohio Rev. Code § 5705.10 (F) for posting sale of capital assets in the wrong fund.	Fully corrected.	
2018-002	Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2019-001.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements for errors, omissions, and proper fund balance.

A Place to Grow

Administration
419/882-0031

Zoning Office
419/885-5276

Road Department
419/882-0031



Board of Trustees

John Crandall
John Jennewine
Neal Mahoney

Fiscal Officer

David J. Simko

Administrator

Oliver Turner

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2019

Finding Number:

2019-001

Planned Corrective Action:

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

Regarding the second bullet point, the Township has been classifying the OPWC funds on a consistent basis and in line with prior audits, however, in the future, the Township will classify as directed.

Anticipated Completion Date:

12/31/2020

Responsible Contact Person:

David Simko, Fiscal Officer

A Place to Grow

Administration
419/882-0031

Zoning Office
419/885-5276

Road Department
419/882-0031



OHIO AUDITOR OF STATE KEITH FABER



SYLVANIA TOWNSHIP

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/5/2020

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

This report is a matter of public record and is available online at
www.ohioauditor.gov