

SYLVANIA TOWNSHIP
LUCAS COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**



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Board of Trustees
Sylvania Township
4927 North Holland-Sylvania Road
Sylvania, OH 43560-2121

We have reviewed the *Independent Auditor's Report* of the Sylvania Township, Lucas County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Sylvania Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 02, 2022

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**SYLVANIA TOWNSHIP
LUCAS COUNTY, OHIO**

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Independent Auditor's Report

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of Sylvania Township, Lucas County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of Sylvania Township, as of and for the year ended December 31, 2021, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 2.

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" section of our report, the accompanying 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 Sylvania Township, as of December 31, 2021, or changes in net position, and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Sylvania Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Sylvania Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Though Sylvania 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(C) permit. Our opinions on this accounting basis are in the "Unmodified Opinions on Regulatory Basis of Accounting" paragraph above.

Emphasis of Matters

As described in Note 16, a restatement to beginning fund balances was made in the special revenue and custodial fund types in accordance with GASB 84. As described in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Sylvania Township. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sylvania Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sylvania Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sylvania Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2022 on our consideration of Sylvania Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sylvania Township's 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 Sylvania Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
July 27, 2022

Sylvania Township
Lucas County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 655,362	\$ 20,025,285	\$ -	\$ -	\$ 20,680,647
Charges for Services	-	1,623,516	-	-	1,623,516
Licenses, Permits and Fees	83,936	25,746	-	-	109,682
Cable and Franchise Fees	399,252	-	-	-	399,252
Fines and Forfeitures	23,541	94,813	-	-	118,354
Intergovernmental	358,074	4,514,805	-	168,603	5,041,482
Special Assessments	-	426,914	-	-	426,914
Earnings on Investments	234,426	28,654	-	-	263,080
Miscellaneous	22,994	79,474	-	24,000	126,468
<i>Total Cash Receipts</i>	<u>1,777,585</u>	<u>26,819,207</u>	<u>-</u>	<u>192,603</u>	<u>28,789,395</u>
Cash Disbursements					
Current:					
General Government	1,311,025	307	-	-	1,311,332
Public Safety	-	18,658,790	-	-	18,658,790
Public Works	-	3,852,744	-	168,603	4,021,347
Health	188,496	10,597	-	-	199,093
Human Services	-	537,599	-	-	537,599
Capital Outlay	-	-	-	400,726	400,726
Debt Service:					
Principal Retirement	-	137,103	550,000	-	687,103
Interest and Fiscal Charges	-	13,938	113,428	-	127,366
<i>Total Cash Disbursements</i>	<u>1,499,521</u>	<u>23,211,078</u>	<u>663,428</u>	<u>569,329</u>	<u>25,943,356</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>278,064</u>	<u>3,608,129</u>	<u>(663,428)</u>	<u>(376,726)</u>	<u>2,846,039</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	-	-	18,964	18,964
Transfers In	-	456,346	663,428	1,924,500	3,044,274
Transfers Out	(1,083,674)	(1,960,600)	-	-	(3,044,274)
Advances In	-	10,754	-	-	10,754
Advances Out	-	(10,754)	-	-	(10,754)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,083,674)</u>	<u>(1,504,254)</u>	<u>663,428</u>	<u>1,943,464</u>	<u>18,964</u>
<i>Net Change in Fund Cash Balances</i>	(805,610)	2,103,875	-	1,566,738	2,865,003
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>11,674,019</u>	<u>20,245,625</u>	<u>-</u>	<u>1,907,409</u>	<u>33,827,053</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 10,868,409</u>	<u>\$ 22,349,500</u>	<u>\$ -</u>	<u>\$ 3,474,147</u>	<u>\$ 36,692,056</u>

See accompanying notes to the financial statements

Sylvania Township
Lucas County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021*

	Internal Service
Operating Cash Receipts	
Charges for Services	\$2,513,194
Miscellaneous	447,150
<i>Total Operating Cash Receipts</i>	<i>2,960,344</i>
Operating Cash Disbursements	
Purchased Services	403,069
Claims	2,970,851
<i>Total Operating Cash Disbursements</i>	<i>3,373,920</i>
<i>Operating Income (Loss)</i>	<i>(413,576)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(413,576)</i>
<i>Fund Cash Balances, January 1</i>	<i>1,160,156</i>
<i>Fund Cash Balances, December 31</i>	<i>\$746,580</i>
<i>See accompanying notes to the financial statements</i>	

Sylvania Township
Lucas County
*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*
All Fiduciary Fund Types
For the Year Ended December 31, 2021

	Custodial
Additions	
Special Assessment Collections for Distribution	63,507
Amounts Held for Employees	7,776
Other Amounts Collected for Distribution	40,301
<i>Total Additions</i>	111,584
Deductions	
Distributions to Other Governments	63,507
Distributions on Behalf of Employees	10,593
Other Distributions	30,515
<i>Total Deductions</i>	104,615
<i>Net Change in Fund Balances</i>	6,969
<i>Fund Cash Balances, January 1 (Restated)</i>	76,405
<i>Fund Cash Balances, December 31</i>	\$ 83,374

See accompanying notes to the financial statements

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Sylvania Township, Lucas County, (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, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in joint ventures and a jointly governed organization. Note 13 to the financial statements provide additional information about Sylvania Senior Citizen Center (Senior Center) and the JEDD agreement with City of Sylvania, as joint ventures. Note 14 to the financial statements provides additional information about Sylvania Area Joint Recreation District (SAJRD), a jointly governed organization.

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, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all 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.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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 funds:

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

Road and Bridge Capital Project Fund This fund accounts for any Capital expenditure such as equipment, large vehicles and accessories and any building improvements in the premises utilized by Road and Bridge Department.

Police Capital Project Fund This fund accounts for any Capital expenditures such as vehicles, building improvement, police equipment and accessories.

Fire Capital Project Fund This fund accounts for any Capital expenditures such as a new fire building and addition, fire equipment, ambulances and ladders.

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, investment trust funds, and custodial funds. The Township Fiduciary funds only comprise Custodial funds. Note 16 to the financial statements provides additional information.

Custodial 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 had the following significant Custodial Funds.

Special Assessment E-SID Fund The Township operates as flow through entity. Special Assessments remitted by Lucas County are forwarded to the Port-Authority for debt payment.

Ohio Demolition Fund The Fund accounts for the distribution of funds remitted by insurance company to the property owner for the repairs.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Employee Section 125 Plan The fund accounts for the distribution of money deducted from employee pay checks for medical dependent day care expenses.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial 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 (C). 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) 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 2021 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, federal securities and certificate of deposits 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.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,861,156	\$1,777,585	(\$83,571)
Special Revenue	27,204,566	27,286,307	81,741
Debt Service	663,428	663,428	0
Capital Projects	2,093,103	2,136,067	42,964
Internal Service	2,734,590	2,960,344	225,754
Total	\$34,556,843	\$34,823,731	\$266,888

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,098,903	\$2,638,496	\$460,407
Special Revenue	29,625,764	26,479,120	3,146,644
Debt Service	663,428	663,428	0
Capital Projects	2,975,408	1,437,850	1,537,558
Internal Service	3,533,105	3,445,208	87,897
Total	\$39,896,608	\$34,664,102	\$5,232,506

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$8,905,935
Certificates of deposit	25,847,869
Total deposits	34,753,804
U.S. Treasury Notes	324,415
Federal Securities	2,097,035
STAR Ohio	10,848
Money Market	335,908
Total investments	2,768,206
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$37,522,010

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Township has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statements reflect gross payroll. The balance in the Township's payroll clearing account represents unremitted employee payroll withholdings.

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 and federal securities 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.

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

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 – Interfund Balances

Outstanding advances at December 31, 2021, consisted of \$3,590 and 1,200, advanced from Police and Fire Funds to Police and Fire Grant Funds, respectively, to provide working capital for operations or projects.

Note 7 – Risk Management

The Government 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.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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. Effective November 1, 2020, the OPRM’s property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020 (most updated information available).

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members’ Equity	<u>\$ 5,296,707</u>

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

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Self-Insurance

The Township is also self-insured for 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:

	2021
Cash and investments	\$746,580
Actuarial liabilities	\$212,800

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most of the Township 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 postemployment 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. Law Enforcement OPERS members contributed 13 percent of their gross salaries and the Township contributed an amount equaling 18.10% percent of participants gross salaries. The Township has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

Township certified Fire Fighters and full-time Police Officers 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 postemployment 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' and 19.50 percent of full-time police members wages respectively. The Township has paid all contributions required through December 31, 2021.

Note 9 – 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
General Obligation Bonds Fire Fund	\$4,640,000	2.0-3%
General Obligation Bonds -Senior Center	80,000	3.0-5.05%
OPWC-CL23T	52,118	0%
OPWC-CL19U	70,293	0%
OPWC-CL24W	168,198	0%
Ambulance Lease 2018	94,089	3.39%
Ambulance Lease 2019	182,250	3.87%
Total	\$5,286,948	

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 3%.

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.

The Ohio Public Works Commission Loan CL23T relates to a loan agreement in the amount of \$80,180.80 for St. James Wood & Sylvania Ave Resurfacing. This agreement is for ten years, has a zero percent interest rate, and matures January 1, 2028.

The Ohio Public Works Commission Loan CL19U relates to a loan agreement in the amount of \$93,723.84 for road improvements to Fair Hills and Corey Woods sub-divisions. This agreement is for ten years, has a zero percent interest rate, and matures July 1, 2029.

The Ohio Public Works Commission Loan CL24W, relates to a loan agreement in the amount of \$186,886.89 for road improvements pertaining to Holt and Gill House Road. This agreement is for ten years, has a zero percent interest rate, and matures January 1, 2031. This project is a joint project with Lucas County that originated in 2020. The Township pays each loan installment, in total when due on behalf of themselves and the County, and receives reimbursements from the County for their portion of the loan.

Leases

The Township entered into Lease/purchase agreements with US Bancorp Government Leasing and Financing Inc, in years 2018 and 2019 for new Ambulances for Transporting patients. As of December 31, 2021, the outstanding balance including principal and interest for the two ambulances amounts to \$ 295,436.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year Ending December 31:	Leases	General Obligation Bonds	OPWC Loans
2022	114,962	660,140	36,079
2023	114,962	571,500	36,079
2024	65,512	576,800	36,079
2025	0	571,800	36,079
2026	0	571,700	36,079
2027-2031	0	2,275,150	110,214
Total	<u>\$295,436</u>	<u>\$5,227,090</u>	<u>\$290,609</u>

Note 11 – Construction and Contractual Commitments

The Township Road Fund, Gasoline Tax Fund and Permissive Motor Vehicle License Fund had various resurfacing and other road projects outstanding at year end. The amount of \$69,617 has been properly encumbered for the resurfacing of various Township roads.

Note 12 – Contingent Liabilities

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

Note 13 – Joint Ventures

Sylvania Senior Center

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 10). 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.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Joint Economic Development District

Sylvania Township entered into a joint economic development district (JEDD) agreement with City of Sylvania in 2020. This JEDD is located entirely within Sylvania Township. In 2020, the JEDD Board Enacted a 1.5% income tax on the district and collection began 1/1/2021.

The JEDD is governed by a Board of Directors consisting of five (5) members. The Board consists of one (1) member representing the City, one (1) member representing the Township, one (1) member representing the owners of business operating within the District, one (1) member representing persons employed in the District, and one (1) member selected by the other members. The main source of income is a tax levied upon the income earned by persons working within the JEDD boundaries and the net profits of businesses located within the District.

Note 14 – 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 (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 15 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Total</u>
Outstanding Encumbrances	55,301	1,296,688	0	868,521	71,288	2,291,798
Total	<u>\$55,301</u>	<u>\$1,296,688</u>	<u>\$0</u>	<u>\$868,521</u>	<u>\$71,288</u>	<u>\$2,291,798</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Sylvania Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 16 – Re-statement of Beginning Fund Balance

A beginning fund balance adjustment was made based on further analysis of GASB 84 and the Auditor of State Bulletin 2020-003. To be consistent with other fiduciary funds and utilize the GASB 84 analysis chart created by the Ohio Auditor of State (based on a regulatory filing government) the Ohio Demolition Fund and Employee Section 125 Plan fund were reclassified from Special Revenue fund types to Custodial fund types. The effect of this restatement changed the beginning balance in the Special Revenue fund type from \$20,322,030 to \$20,245,625 and for the Custodial fund type from \$0 to \$76,405.

Note 17 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. 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 additional recovery from emergency funding, either federal or state, cannot be estimated. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of Sylvania Township, Lucas County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated July 27, 2022, wherein we noted as described in Note 2 to the financial statements, Sylvania Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. As described in Note 16, a restatement to beginning fund balances was made in the special revenue and custodial fund types in accordance with GASB 84. Furthermore, we noted as described in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sylvania Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sylvania Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Sylvania Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Sylvania Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sylvania Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sylvania Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sylvania Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
July 27, 2022

SYLVANIA TOWNSHIP
LUCAS COUNTY, OHIO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	<u>Material Weakness – Financial Reporting</u> – The Township had audit adjustments identified and subsequently posted to the financial statements, in addition to modifications to the Township’s notes to reclass some funds to be more consistent with Auditor of State’s Bulletin 2020-003 in regards to regulatory basis entities adopting GASB 84.	Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



SYLVANIA TOWNSHIP

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/15/2022

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