



**Mary Taylor, CPA**  
Auditor of State



**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets –Cash Basis.....	10
Statement of Activities –Cash Basis.....	11
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds.....	12
Statement of Cash Receipts, Disbursements and Changes in - Cash Basis Fund Balances – Governmental Funds.....	13
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis - General Fund.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Road and Bridge Fund.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Police Fund.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Fire Fund.....	17
Notes to the Basic Financial Statements.....	18
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	35
Schedule of Findings.....	37

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township, Lucas County, Ohio (the Township), as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township, Lucas County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, Police, and Fire funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2006, the Government revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

January 5, 2009

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED**

This discussion and analysis of Sylvania Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

- Net assets of governmental activities increased \$2,054,293 or 32 percent, a significant change from the prior year. The General Fund and Police District Fund experienced significant increases in cash balances. The General Fund received final payment from the Police Department for previous advances in the amount of \$558,987. The Police department passed a levy in 2004, which has increased tax revenues beginning in 05 and continuing through 2006.
- The Township's general receipts are primarily property taxes. These receipts represent \$14,043,999 or 69 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 changed very little compared to 2005.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

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

**Reporting the Township as a Whole**

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

The Township provides general administration, road and bridge maintenance, police and fire protection with first response emergency medical services.

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

In the statement of net assets and the statement of activities, we report governmental activities which include basic services such as construction, maintenance and repair of Township roads, and the provision of Police and Fire protection and other government services.

**Reporting the Township's Most Significant Funds**

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

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

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

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)

**Net Assets**

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$8,545,374	\$6,491,081
Total Assets	8,545,374	6,491,081
<b>Net Assets</b>		
Restricted for:		
Capital Projects	504,000	504,000
Debt Service	44,147	74,567
Other Purposes	5,651,748	4,159,844
Unrestricted	2,345,479	1,752,670
Total Net Assets	\$8,545,374	\$6,491,081

As mentioned previously, net assets of governmental activities increased \$2,054,293 or 32 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Increased revenue in real estate taxes for the Police Department beginning in 2005 due to the passage of their levy in 2004.
- Expenses were kept below budget.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities.

(Table 2)

**Changes in Net Assets**

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$826,161	\$623,823
Operating Grants and Contributions	3,832,341	3,604,355
Capital Grants and Contributions		4,000
Total Program Receipts	<u>4,658,502</u>	<u>4,232,178</u>
General Receipts:		
Property and Other Local Taxes	14,043,999	13,461,254
Cable Franchise Fees	235,967	201,602
Grants and Entitlements not restricted to Specific Programs	1,037,077	1,884,905
Interest	383,366	149,393
Miscellaneous	103,816	203,363
Total General Receipts	<u>15,804,225</u>	<u>15,900,517</u>
Total Receipts	<u>20,462,727</u>	<u>20,132,695</u>
Disbursements:		
General Government	1,912,448	1,680,403
Public Safety	12,079,881	11,285,175
Public Health Services	149,159	140,545
Conservation/Recreation	67,000	67,250
Human Services	443,102	339,792
Public Works	2,692,302	2,289,384
Capital Outlay	739,620	1,076,334
Principal Retirement	265,857	244,193
Interest and Fiscal Charges	59,065	60,782
Total Disbursements	<u>18,408,434</u>	<u>17,183,858</u>
Change in Net Assets	2,054,293	2,948,837
Net Assets, January 1	<u>6,491,081</u>	<u>3,542,244</u>
Net Assets, December 31	<u><u>\$8,545,374</u></u>	<u><u>\$6,491,081</u></u>

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

Program receipts represent only 23 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such police, fire, road and bridge rollback and homestead revenues, police and fire operating grants, and motor vehicle license, gas tax, and permissive taxes.

General receipts represent 77 percent of the Township's total receipts, and of this amount, 89 percent is from property and other local taxes. State entitlements, cable franchise fees and General Fund interest revenues make up the majority of the balance of the Township's general receipts (10 percent). The remaining general receipts include miscellaneous revenues which are insignificant and somewhat unpredictable revenue sources.

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

Public Safety is the cost of police and fire protection. Public Works is the cost of maintaining roads. Health Services is the cost of cemetery upkeep and deductions taken by the County for services provided by the health department. Human Services is the costs of the Senior Center funded by a levy through the County. Conservation and Recreation represents the costs for improvements to the parks.

**Governmental Activities**

If you look at the Statement of Activities you will see that the first column, lists the major services provided by the Township. The second column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety, public works which account for 66 and 15 percent, respectively of all governmental disbursements. General government also represents a significant cost, about 10 percent. The next two columns of the statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and operating grants/entitlements received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the net cost is presented in Table 3.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

(Table 3)

	Net Cost of Services 2006	Net Cost of Services 2005
General Government	\$1,861,021	\$1,630,080
Public Safety	9,006,418	8,301,565
Health	146,059	140,115
Conservation/Recreation	67,000	67,250
Human Services	392,483	299,368
Public Works	1,212,409	1,131,993
Capital Outlay	739,620	1,076,334
Debt Retirement	265,857	244,193
Interest and Fiscal Charges	59,065	60,782
<b>Total Expenses</b>	<b>\$13,749,932</b>	<b>\$12,951,680</b>

The dependence upon property tax receipts is apparent as over 75 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$20,462,727 and disbursements of \$18,378,014. The greatest change within governmental funds occurred within the Police Fund. The fund balance of the Police Fund increased \$1,015,857. The increase in the Police Fund is primarily due to the collection of increase real estate taxes in 2005 and 2006 from the levy that passed in 2004. The General Fund balance has also increased significantly by \$592,809, due to prior advances due from the Police Fund paid in 2006.

**General Fund Budgeting Highlights**

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

During 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Actual receipts were greater than original budgeted receipts due to property taxes coming in higher than the County's estimate; licenses, permits and fees were higher than expected; received more in interest revenue than was anticipated as well as miscellaneous receipts. The difference between final budgeted receipts and actual receipts was \$392,019.

Final disbursements were budgeted at \$2,342,388 while actual disbursements were \$2,152,566. The Township kept spending under the budgeted amounts as demonstrated by the reported variances. The result is an increase to the General Fund balance in the amount of \$579,361 for 2006.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Capital Assets and Debt Administration**

Capital Assets

The Township does not report capital assets and infrastructure under the cash basis of accounting.

Debt

At December 31, 2006, the Township's outstanding debt included \$970,000 in general obligation bonds issued for the construction of the Sylvania Senior Center; \$93,266 note balance for the purchase of a fire truck and \$516,096 for OPWC loans for infrastructure improvements; \$103,182 for the lease of a 2005 ambulance and \$15,000 for the lease of a 1996 Life Star Ambulance. For further information regarding the Township's debt, refer to Notes 10 and 11 to the basic financial statements.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

**Contacting the Township's Financial Management**

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

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

*Statement of Net Assets - Cash Basis  
December 31, 2006*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$8,545,374</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$504,000
Debt Service	44,147
Other Purposes	5,651,748
Unrestricted	<u>2,345,479</u>
<i>Total Net Assets</i>	<u>\$8,545,374</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006*

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$1,912,448	\$51,427		(\$1,861,021)
Public Safety	12,079,881	398,080	\$2,675,383	(9,006,418)
Public Works	2,692,302	373,554	1,106,339	(1,212,409)
Health	149,159	3,100		(146,059)
Human Services	443,102		50,619	(392,483)
Conservation-Recreation	67,000			(67,000)
Capital Outlay	739,620			(739,620)
Debt Service:				
Principal Retirement	265,857			(265,857)
Interest and Fiscal Charges	59,065			(59,065)
<b>Total Governmental Activities</b>	<b>\$18,408,434</b>	<b>\$826,161</b>	<b>\$3,832,341</b>	<b>(13,749,932)</b>
		<b>General Receipts</b>		
		Property Taxes Levied for:		
		General Purposes		638,131
		Road and Bridge		1,958,144
		Police		6,493,574
		Fire		4,558,940
		Senior Center		395,210
		Cable Franchise Fees		235,967
		Grants and Entitlements not Restricted to Specific Programs		1,037,077
		Interest		383,366
		Miscellaneous		103,816
		<i>Total General Receipts</i>		<i>15,804,225</i>
		Change in Net Assets		2,054,293
		<i>Net Assets Beginning of Year</i>		<i>6,491,081</i>
		<i>Net Assets End of Year</i>		<i>\$8,545,374</i>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2006*

	<u>General</u>	<u>Road and Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	<u>\$2,345,479</u>	<u>\$1,325,059</u>	<u>\$2,508,586</u>	<u>\$622,019</u>	<u>\$1,744,231</u>	<u>\$8,545,374</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$54,461	\$286,395	\$105,078	\$288,500	\$34,786	\$769,220
Unreserved:						
Undesignated, Reported in:						
General Fund	2,291,018					2,291,018
Special Revenue Funds		1,038,664	2,403,508	333,519	1,161,298	4,936,989
Debt Service Fund					44,147	44,147
Capital Projects Funds					504,000	504,000
	<u>\$2,345,479</u>	<u>\$1,325,059</u>	<u>\$2,508,586</u>	<u>\$622,019</u>	<u>\$1,744,231</u>	<u>\$8,545,374</u>
<i>Total Fund Balances</i>						

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006*

	General	Road and Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$638,131	\$1,958,144	\$6,493,574	\$4,558,940	\$395,210	\$14,043,999
Charges for Services				16,625	300,855	317,480
Licenses, Permits and Fees	329,158		17,046		2,870	349,074
Fines and Forfeitures					21,790	21,790
Intergovernmental	1,037,077	349,274	919,314	1,301,825	676,674	4,284,164
Special Assessments					373,554	373,554
Interest	383,366				42,597	425,963
Other	103,816	286,748	145,244	109,954	941	646,703
<i>Total Receipts</i>	<u>2,491,548</u>	<u>2,594,166</u>	<u>7,575,178</u>	<u>5,987,344</u>	<u>1,814,491</u>	<u>20,462,727</u>
<b>Disbursements</b>						
Current:						
General Government	1,882,028					1,882,028
Public Safety			5,853,810	5,973,730	252,341	12,079,881
Public Works		2,109,389			582,913	2,692,302
Health	149,077				82	149,159
Economic Development					443,102	443,102
Conservation-Recreation	67,000					67,000
Capital Outlay		350,357	137,656		251,607	739,620
Debt Service:						
Principal Retirement		96,097	21,769	52,442	95,549	265,857
Interest and Fiscal Charges			1,174	5,610	52,281	59,065
<i>Total Disbursements</i>	<u>2,098,105</u>	<u>2,555,843</u>	<u>6,014,409</u>	<u>6,031,782</u>	<u>1,677,875</u>	<u>18,378,014</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>393,443</u>	<u>38,323</u>	<u>1,560,769</u>	<u>(44,438)</u>	<u>136,616</u>	<u>2,084,713</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In		250,000	14,075		91,890	355,965
Transfers Out	(355,965)					(355,965)
Advances In	927,075			300,000	71,744	1,298,819
Advances Out	(371,744)		(558,987)	(300,000)	(68,088)	(1,298,819)
Other Financing Uses					(30,420)	(30,420)
<i>Total Other Financing Sources (Uses)</i>	<u>199,366</u>	<u>250,000</u>	<u>(544,912)</u>		<u>65,126</u>	<u>(30,420)</u>
<i>Net Change in Fund Balances</i>	592,809	288,323	1,015,857	(44,438)	201,742	2,054,293
<i>Fund Balances Beginning of Year</i>	<u>1,752,670</u>	<u>1,036,736</u>	<u>1,492,729</u>	<u>666,457</u>	<u>1,542,489</u>	<u>6,491,081</u>
<i>Fund Balances End of Year</i>	<u>\$2,345,479</u>	<u>\$1,325,059</u>	<u>\$2,508,586</u>	<u>\$622,019</u>	<u>\$1,744,231</u>	<u>\$8,545,374</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 585,201	\$ 585,201	\$ 638,131	\$ 52,930
Licenses, Permits and Fees	277,126	277,126	329,158	52,032
Intergovernmental	1,075,604	1,075,604	1,037,077	(38,527)
Interest	123,000	123,000	383,366	260,366
Other	38,598	38,598	103,816	65,218
<i>Total Receipts</i>	<u>2,099,529</u>	<u>2,099,529</u>	<u>2,491,548</u>	<u>392,019</u>
<b>Disbursements</b>				
Current:				
General Government	1,736,707	2,082,011	1,936,489	145,522
Health	150,000	150,000	149,077	923
Conservation-Recreation	75,000	79,500	67,000	12,500
Capital Outlay	55,000	30,877		30,877
<i>Total Disbursements</i>	<u>2,016,707</u>	<u>2,342,388</u>	<u>2,152,566</u>	<u>189,822</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>82,822</u>	<u>(242,859)</u>	<u>338,982</u>	<u>581,841</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(598,890)	(355,965)	(355,965)	
Advances In			927,075	927,075
Advances Out	(450,000)	(371,744)	(371,744)	
<i>Total Other Financing Sources (Uses)</i>	<u>(1,048,890)</u>	<u>(727,709)</u>	<u>199,366</u>	<u>927,075</u>
<i>Net Change in Fund Balance</i>	(966,068)	(970,568)	538,348	1,508,916
<i>Fund Balance Beginning of Year</i>	1,711,657	1,711,657	1,711,657	
Prior Year Encumbrances Appropriated	41,013	41,013	41,013	
<i>Fund Balance End of Year</i>	<u>\$ 786,602</u>	<u>\$ 782,102</u>	<u>\$ 2,291,018</u>	<u>\$ 1,508,916</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Road and Bridge Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,830,399	\$ 1,830,399	\$ 1,958,144	\$ 127,745
Intergovernmental	271,975	271,975	349,274	77,299
Other	32,672	32,672	286,748	254,076
<i>Total Receipts</i>	<u>2,135,046</u>	<u>2,135,046</u>	<u>2,594,166</u>	<u>459,120</u>
<b>Disbursements</b>				
Current:				
Public Works	1,529,117	2,428,756	2,389,527	39,229
Capital Outlay	1,333,416	430,858	356,614	74,244
Debt Service:				
Principal Retirement			96,097	(96,097)
<i>Total Disbursements</i>	<u>2,862,533</u>	<u>2,859,614</u>	<u>2,842,238</u>	<u>17,376</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(727,487)</u>	<u>(724,568)</u>	<u>(248,072)</u>	<u>476,496</u>
<b>Other Financing Sources</b>				
Transfers In			250,000	250,000
<i>Net Change in Fund Balance</i>	(727,487)	(724,568)	1,928	726,496
<i>Fund Balance Beginning of Year</i>	923,298	923,298	923,298	
Prior Year Encumbrances Appropriated	113,438	113,438	113,438	
<i>Fund Balance End of Year</i>	<u>\$ 309,249</u>	<u>\$ 312,168</u>	<u>\$ 1,038,664</u>	<u>\$ 726,496</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Police Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 6,063,200	\$ 6,063,200	\$ 6,493,574	\$ 430,374
Licenses, Permits and Fees	13,900	13,900	17,046	3,146
Intergovernmental	929,958	929,958	919,314	(10,644)
Other	54,905	54,905	145,244	90,339
<i>Total Receipts</i>	<u>7,061,963</u>	<u>7,061,963</u>	<u>7,575,178</u>	<u>513,215</u>
<b>Disbursements</b>				
Current:				
Public Safety	6,144,299	6,196,311	5,958,288	238,023
Capital Outlay	226,066	215,765	138,256	77,509
Debt Service:				
Principal Retirement			21,769	(21,769)
Interest and Fiscal Charges			1,174	(1,174)
<i>Total Disbursements</i>	<u>6,370,365</u>	<u>6,412,076</u>	<u>6,119,487</u>	<u>292,589</u>
<i>Excess of Receipts Over Disbursements</i>	<u>691,598</u>	<u>649,887</u>	<u>1,455,691</u>	<u>805,804</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			14,075	14,075
Advances Out	(558,000)	(558,000)	(558,987)	(987)
<i>Total Other Financing (Uses)</i>	<u>(558,000)</u>	<u>(558,000)</u>	<u>(544,912)</u>	<u>13,088</u>
<i>Net Change in Fund Balance</i>	133,598	91,887	910,779	818,892
<i>Fund Balance Beginning of Year</i>	1,326,621	1,326,621	1,326,621	
Prior Year Encumbrances Appropriated	166,108	166,108	166,108	
<i>Fund Balance End of Year</i>	<u>\$ 1,626,327</u>	<u>\$ 1,584,616</u>	<u>\$ 2,403,508</u>	<u>\$ 818,892</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Fire Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 4,395,601	\$ 4,395,601	\$ 4,558,940	\$ 163,339
Charges for Services	3,684	3,684	16,625	12,941
Intergovernmental	1,322,217	1,322,217	1,301,825	(20,392)
Other	40,047	40,047	109,954	69,907
<i>Total Receipts</i>	<u>5,761,549</u>	<u>5,761,549</u>	<u>5,987,344</u>	<u>225,795</u>
<b>Disbursements</b>				
Current:				
Public Safety	6,168,748	6,282,377	6,262,230	20,147
Capital Outlay	65,014	114,849		114,849
Debt Service:				
Principal Retirement			52,442	(52,442)
Interest and Fiscal Charges			5,610	(5,610)
<i>Total Disbursements</i>	<u>6,233,762</u>	<u>6,397,226</u>	<u>6,320,282</u>	<u>76,944</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(472,213)</u>	<u>(635,677)</u>	<u>(332,938)</u>	<u>302,739</u>
<b>Other Financing Sources (Uses)</b>				
Advances In		300,000	300,000	
Advances Out			(300,000)	(300,000)
<i>Total Other Financing Sources (Uses)</i>		<u>300,000</u>		<u>(300,000)</u>
<i>Net Change in Fund Balance</i>	(472,213)	(335,677)	(332,938)	2,739
<i>Fund Balance Beginning of Year</i>	355,676	355,676	355,676	
Prior Year Encumbrances Appropriated	310,781	310,781	310,781	
<i>Fund Balance End of Year</i>	<u>\$ 194,244</u>	<u>\$ 330,780</u>	<u>\$ 333,519</u>	<u>\$ 2,739</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 1 – REPORTING ENTITY**

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

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

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

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

**C. Related Organization**

The Township formed the Sylvania Township Water and Sewer District (the District) under the authority of Ohio Revised Code 6199. The District Board is composed of five members, four (4) of whom are appointed by the Township and one (1) appointed by the Lucas County Commissioners. Funding for the District has been initially provided by a loan agreement with the Township. Tap-in fees are collected by The County and forwarded to the District. These tap-in fees are the only means the District has to pay on the loan issued by the Township. See Note 16 for additional information.

**D. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools**

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

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

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 1 – REPORTING ENTITY – (CONTINUED)**

The Township participates in one jointly governed organization. Note 15 to the financial statements provides information about the Sylvania Area Joint Recreation District (SAJRD).

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Fund Financial Statements

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

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are as follows:

**1. General Fund**

The General Fund is used to account for all financial resources, except those required to be accounted for 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.

**2. Road and Bridge Fund**

The Road and Bridge Fund is used to account for the proceeds of property tax revenues to provide for construction, maintaining and repair of Township roads in the unincorporated area.

**3. Police District Fund**

The Police District Fund is used to account for the proceeds of property tax revenues to provide police protection to the Township in the unincorporated area.

**4. Fire Fund**

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

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

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

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

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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

**E. Cash and Investments**

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

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

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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

During 2006, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$383,366.

**F. Inventory and Prepaid Items**

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

**G. Capital Assets**

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

**H. Interfund Receivables/Payables**

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

**I. Accumulated Leave**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**K. Long-Term Obligations**

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

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

L. Net Assets

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

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

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

**NOTE 3 – CHANGE IN BASIS OF ACCOUNTING**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and all major special revenue funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$54,461 for the general fund and \$679,973 for major special revenue funds.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 5 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 5 – DEPOSITS AND INVESTMENTS – (CONTINUED)**

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$8,742,690 of the Township's bank balance of \$8,842,690 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

**NOTE 6 – PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

2006 real property taxes are levied after October 1, 2006 on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien on December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

The 2006 tangible property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property is assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 6 – PROPERTY TAXES – (CONTINUED)**

The full tax rate for all Township operations for the year ended December 31, 2006, was \$13.90 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$1,185,753,130
Commercial/Industrial	\$ 260,200,670
Public Utility Property	
Real	\$ 27,000
Personal	\$ 21,103,260
Tangible Personal Property	\$ 53,303,353
 Total Assessed Value	 \$1,520,387,413

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

**NOTE 7 – RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles
- Errors and omissions

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

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. The System administers and pays all claims.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2006, members in state and local classifications contributed 9 percent of covered payroll, and law enforcement members contributed 10.10 percent.

The Township's contribution rate for 2006 was 13.70 percent, except for those plan members in law enforcement, for whom the Township's contribution rate was 16.93 percent of covered payroll. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004, were \$798,163, \$745,041, and \$692,348 respectively. The full amount has been contributed for 2006, 2005, and 2004.

**B. Ohio Police and Fire Pension Fund**

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – (CONTINUED)**

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are established by State statute. For 2006, a portion of the Township's contribution equal to 7.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Township's contributions to OP&F for firefighters were \$869,337 for the year ended December 31, 2006, \$884,237 for the year ended December 31, 2005, and \$841,752 for the year ended December 31, 2004. The full amount has been contributed for 2006, 2005, and 2004.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2006, local government employers contributed 13.7 percent of covered payroll (16.93 percent for law enforcement). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 4.5 percent of covered payroll.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2006, 2005, and 2004, were \$222,955, \$210,812, and \$195,902 respectively; 100 percent has been contributed for 2006, 2005, and 2004.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 9 - POSTEMPLOYMENT BENEFITS – (CONTINUED)**

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

**B. Ohio Police and Fire Pension Fund**

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

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

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

OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 24 percent of covered payroll for fire employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2006, the employer contribution allocated to the healthcare plan was 7.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters were \$292,590 for the year ended December 31, 2006, \$285,385 for the year ended December 31, 2005, and \$260,943 for the year ended December 31, 2004. The full amount has been contributed for 2006, 2005, and 2004.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 10 – DEBT**

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance December 31, 2005</u>	<u>Reductions</u>	<u>Balance December 31, 2006</u>
Fire Truck Note	4.09%	\$ 137,169	\$ 43,903	\$ 93,266
General Obligation Bonds	3.0-5.05%	1,015,000	45,000	970,000
OPWC Loan (Storm Sewer)	0%	72,193	36,097	36,096
OPWC Loan (McCord Rd.)	0%	540,000	60,000	480,000
		<u>\$ 1,764,362</u>	<u>\$185,000</u>	<u>\$1,579,362</u>

During 1997, the Township entered into a loan agreement with the Ohio Public Work Commission in the amount of \$360,966 for the construction of the Central Park Storm Sewer Project. This agreement is for ten years, a zero percent interest rate, with the final payment on January 1, 2008.

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 in 2022, the bonds carry a variable interest rate between 3.00% and 5.05% the bonds are collateralized solely by the Township's taxing authority.

During 2003, the Township issued notes in the amount of \$219,867; these notes were issued to finance the purchase of a fire truck. These notes were issued for four years with a maturity date of February 26, 2008; the notes carry an interest rate of 4.09%.

During 2004, the Township entered into a loan agreement with the Ohio Public Work Commission in the amount of \$600,000 for the construction of Central Avenue from McCord to I-475. This agreement is for ten years, a zero percent interest rate, with the final payment due on January 1, 2015.

The following is a summary of the Township's future annual debt service requirements including interest:

Year ending December 31:	<u>Fire Truck Note</u>	<u>General Obligation Bonds</u>	<u>OPWC Loan - Storm Sewer</u>	<u>OPWC Loan - McCord Road</u>
2007	\$49,513	\$90,225	\$36,096	\$60,000
2008	49,513	88,470		60,000
2009		86,625		60,000
2010		89,690		60,000
2011		87,515		60,000
2012-2016		449,363		180,000
2017-2021		435,255		
2022-2022		166,868		
Total	<u>\$99,026</u>	<u>\$1,494,011</u>	<u>\$36,096</u>	<u>\$480,000</u>

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 10 – DEBT – (CONTINUED)**

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2006, were an overall debt margin of \$160,513,100 and an unvoted debt margin of \$84,078,291.

To assist private sector entities in acquiring and constructing improvements deemed to be in the public interest, the Township on occasion has issued Tax Incentive Financing (TIF) Agreements. In March 2003, the Township Trustees passed Resolution 03-001-0040 approving the Sylvan King Tax Increment Financing (TIF) Note. Note payments are secured by a lien against TIF payments when issued by the State of Ohio and terminate on September 1, 2018.

The Note financed infrastructure improvements including the widening of Sylvania Avenue and King Road and installing sanitary sewer and water lines under Sylvania Avenue, constructing and installing sanitary sewer lines in a new road connecting Sylvania Avenue and King Road, installing traffic signals and traffic signal improvements of Sylvania Avenue and King Road. The Township is not obligated in any manner for paying the Note, which is not reflected in the debt schedule.

**NOTE 11 – LEASES**

The Township leases police vehicles, ambulances and defibrulators under noncancelable leases. The Township disbursed \$87,422 to pay lease costs for the year ended December 31, 2006. Future lease payments are as follows:

Fiscal Year Ending December 31,	1996 <u>Ambulance</u>	2005 <u>Ambulance</u>	<u>Defibrillators</u>
2007	\$ 15,000	\$ 31,904	\$ 6,714
2008		31,904	
2009		31,904	
2010		15,952	
2011			
<i>Total</i>	<u>15,000</u>	<u>111,664</u>	<u>6,714</u>
Less: Amount Representing Interest		8,482	
<i>Present Value of Minimum Lease Payments</i>	<u>\$ 15,000</u>	<u>\$ 103,182</u>	<u>\$ 6,714</u>

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 12 – INTERFUND TRANSFERS**

During 2006, the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Funds	\$264,075
Other Governmental Funds	<u>91,890</u>
Total Transfers from the General Fund	<u>\$355,965</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 13 – CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**NOTE 14 – JOINT VENTURES**

Sylvania Senior Citizens Center (Senior Center) – The Township, Community Services Center, Inc. (CSC), an Ohio non-profit corporation, and the City of Sylvania (City) formed the Sylvania Senior Citizen Center under the authority of the authority of Ohio Revised Code Section 173.11 (ORC) for a the provision of recreational, civic and educational activities for resident senior citizens.

Under an operating agreement, the Township bared 60 percent and the City bared 40 percent of the construction costs, resulting in a 60/40 respectively equity interest in the Senior Center land and building.

In 2002, the Township issued \$1,135,000 in general obligation bonds to fund the Township's 60 percent of the facility construction as described (Note 10 – Debt). Funding for operating costs of the Senior Center is provided by a 5-year, .32 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 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, 2006  
(Continued)**

**NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS**

The Sylvania Area Joint Recreation District (SAJRD) was formed in 1988 to provide the citizens of the Sylvania area with high quality recreational programs and facilities. The District is collaboration between the City of Sylvania, Sylvania Township and Sylvania Schools. Each of these political entities appoints our people to the 12-person SAJRD Board. The District was formed under the Joint Recreation District provisions (75514) of the Ohio Revised Code. Under this provision, SAJRD can levy voter-approved taxes. Currently, SAJRD has two supporting levies. A .85 mills Permanent Operating levy was passed in 1988 and replaced in 2000. In addition, a .5 mill, 25 year Capital Improvement levy was passed in 1994. Millage on this levy has been reduced over time to .3 mills. Taxes are collected by the Lucas County Auditor and remitted to the SAJRD Board of Trustees. SAJRD is fiscally independent of the Township and the SAJRD's financial statements have not been included within the Township's reporting entity.

**NOTE 16 – RELATED ORGANIZATIONS**

The Township entered into a loan agreement with the Sylvania Township Water and Sewer District for up to \$1.5 million dollars, with 6 percent interest for the purpose of constructing water and sewer lines.

In December 2003, the Township passed Resolution 03-01-270 granting a loan for \$202,248, at 6 percent interest to the Sylvania Township Water and Sewer District for the Holt Road Waterline Project.

As of December 31, 2006, the Water and Sewer District owed the Township \$1,092,398.

The Water & Sewer District's financial statements have not been included within the Township's reporting entity.

**NOTE 17 – SUBSEQUENT EVENTS**

In March of 2008, a 1.25 mill continuing levy for operating and capital improvements was passed for the fire department. This levy is expected to generate 2 million annually.

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# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township, Lucas County, Ohio (the Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 5, 2009, wherein we noted the Township revised its financial statement presentation comparable to the requirements of Governmental Accounting Standards Board statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiencies described above are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated January 5, 2009.

#### **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, providing an opinion 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*.

We noted certain noncompliance matters that we reported to the Township's management in a separate letter dated January 5, 2009.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 5, 2009

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

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

**FINDING NUMBER 2006-001**

**Material Weakness**

**Monitoring Financial Statements**

Accurate financial reporting is the responsibility of the fiscal officer and governing authority and is essential to ensure the information provided to the readers of the financial statements is fairly stated.

Township financial activities were not always posted to the appropriate funds and accounts. These conditions have resulted in eighteen audit adjustments, such as the following:

- Adjustments for tax revenues, special assessments, and local government revenue assistance revenues totaled \$36,322;
- Reclassifications for debt payments, permissive taxes, and advances not correctly posted totaled \$545,466;
- Reclassifications to the Statement of Activities totaling \$46,078 and elimination of Transfers and Advances from the Statement of Activities totaling \$1,591,139.

The financial statements presented have been adjusted to reflect these corrections. To ensure the Township's statements are complete and accurate, the Board of Trustees should adopt policies and procedures, including a final review of the statements, management discussion, and analysis, and notes to the financial statements by the Fiscal Officer, Director of Budget and Finance and the Board of Trustees to identify and correct errors and omissions.

**FINDING NUMBER 2006-002**

**Material Weakness**

**Budgetary Reporting**

The Township did not accurately reflect the approved budgetary amounts on its Statements of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual. This resulted in twenty-five budgetary adjustments

- Appropriations for both beginning and final budgeted amounts did not agree with the Final Appropriations Resolution approved by the Board of Trustees;
- Prior year encumbrances appropriated were not included in the appropriations.

Beginning fund balances did not agree with prior audited balances.

**FINDING NUMBER 2006-002  
(Continued)**

The amounts necessary to agree the final budgeted amounts are as follows:

Fund	Appropriations
General Fund	\$ 97,323
Road and Bridge	454,995
Police Fund	319,403
Fire Fund	927,209

To provide Township Officials with complete and accurate budgetary data in addition to accurate presentation of the budgetary financial statements, we recommend:

- Upon approval of the Certificate of Estimated Resources and Appropriations, and any subsequent amendments, the data should be entered into the accounting system, and reviewed for completeness and accuracy with the official approved documents.
- Upon completion of the annual financial report, the reports should be reviewed to assure agreement with the final amended certificate and final appropriations and determination made that prior year carryover encumbrances are included in appropriation budgeted amounts.
- The beginning fund balances should be compared and agreed to the prior years ending audited balance.

**Officials Response:**

We did not receive a response from Officials to the findings reported above.



**Mary Taylor, CPA**  
Auditor of State

**SYLVANIA TOWNSHIP**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 5, 2009**