



**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005**



**Mary Taylor, CPA**  
Auditor of State



**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

January 29, 2007

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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 Sylvania Township, Lucas County, Ohio, (the Township) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Sylvania Township, Lucas County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2007, 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.



**Mary Taylor, CPA**  
Auditor of State

January 29, 2007



**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

|  | Governmental Fund Types |                    |                 |                     | Totals<br>(Memorandum<br>Only) |
|--|-------------------------|--------------------|-----------------|---------------------|--------------------------------|
|  | General                 | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |                                |
| <b>Cash Receipts:</b>  |                         |                    |                 |                     |                                |
| Local Taxes  | \$593,886               | \$12,867,368       |                 |                     | \$13,461,254                   |
| Intergovernmental  | 1,884,905               | 3,386,710          |                 |                     | 5,271,615                      |
| Special Assessments  |                         | 339,403            |                 |                     | 339,403                        |
| Charges for Services   |                         | 161,546            |                 |                     | 161,546                        |
| Licenses, Permits, and Fees  | 296,874                 | 17,385             |                 |                     | 314,259                        |
| Fines, Forfeitures, and Penalties  |                         | 10,217             |                 |                     | 10,217                         |
| Earnings on Investments  | 149,393                 | 16,599             |                 |                     | 165,992                        |
| Other Revenue  | 203,363                 | 201,046            |                 | \$4,000             | 408,409                        |
| <b>Total Cash Receipts</b>   | <b>3,128,421</b>        | <b>17,000,274</b>  |                 | <b>4,000</b>        | <b>20,132,695</b>              |
| <b>Cash Disbursements:</b>   |                         |                    |                 |                     |                                |
| Current:   |                         |                    |                 |                     |                                |
| General Government   | 1,680,403               |                    |                 |                     | 1,680,403                      |
| Public Safety  |                         | 11,285,175         |                 |                     | 11,285,175                     |
| Public Works   |                         | 2,289,384          |                 |                     | 2,289,384                      |
| Health   | 140,467                 | 78                 |                 |                     | 140,545                        |
| Conservation - Recreation  | 67,250                  | 339,792            |                 |                     | 407,042                        |
| Debt Service:  |                         |                    |                 |                     |                                |
| Redemption of Principal  |                         | 204,193            | \$40,000        |                     | 244,193                        |
| Interest and Fiscal Charges  |                         | 12,492             | 48,290          |                     | 60,782                         |
| Capital Outlay   |                         | 1,076,334          |                 |                     | 1,076,334                      |
| <b>Total Cash Disbursements</b>  | <b>1,888,120</b>        | <b>15,207,448</b>  | <b>88,290</b>   |                     | <b>17,183,858</b>              |
| <b>Total Receipts Over/(Under) Disbursements</b>   | <b>1,240,301</b>        | <b>1,792,826</b>   | <b>(88,290)</b> | <b>4,000</b>        | <b>2,948,837</b>               |
| <b>Other Financing Receipts and (Disbursements):</b>   |                         |                    |                 |                     |                                |
| Transfers-In   |                         |                    | 88,290          | 500,000             | 588,290                        |
| Advances-In  | 960,000                 | 535,000            |                 |                     | 1,495,000                      |
| Transfers-Out  | (588,290)               |                    |                 |                     | (588,290)                      |
| Advances-Out   | (535,000)               | (960,000)          |                 |                     | (1,495,000)                    |
| <b>Total Other Financing Receipts/(Disbursements)</b>  | <b>(163,290)</b>        | <b>(425,000)</b>   | <b>88,290</b>   | <b>500,000</b>      |                                |
| Excess of Cash Receipts and Other Financing<br>Receipts Over Cash Disbursements<br>and Other Financing Disbursements | 1,077,011               | 1,367,826          |                 | 504,000             | 2,948,837                      |
| Fund Cash Balances, January 1  | 675,659                 | 2,792,018          | 74,567          |                     | 3,542,244                      |
| <b>Fund Cash Balances, December 31</b>   | <b>\$1,752,670</b>      | <b>\$4,159,844</b> | <b>\$74,567</b> | <b>\$504,000</b>    | <b>\$6,491,081</b>             |
| Reserve for Encumbrances, December 31  | \$41,013                | \$812,498          |                 |                     | \$853,511                      |

*The notes to the financial statements are an integral part of this statement.*

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | Governmental Fund Types |                    |                 |                     | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|--------------------|-----------------|---------------------|--------------------------------|
|   | General                 | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |                                |
| <b>Cash Receipts:</b>   |                         |                    |                 |                     |                                |
| Local Taxes   | \$603,345               | \$10,575,889       |                 |                     | \$11,179,234                   |
| Intergovernmental   | 1,147,035               | 3,094,402          |                 | \$377,794           | 4,619,231                      |
| Special Assessments   |                         | 309,552            |                 |                     | 309,552                        |
| Charges for Services  |                         | 3,684              |                 |                     | 3,684                          |
| Licenses, Permits, and Fees   | 298,513                 | 14,645             |                 |                     | 313,158                        |
| Fines, Forfeitures, and Penalties   |                         | 7,845              |                 |                     | 7,845                          |
| Earnings on Investments   | 37,403                  | 4,157              |                 |                     | 41,560                         |
| Other Revenue   | 306,402                 | 112,178            | \$128,597       |                     | 547,177                        |
| <b>Total Cash Receipts</b>  | <b>2,392,698</b>        | <b>14,122,352</b>  | <b>128,597</b>  | <b>377,794</b>      | <b>17,021,441</b>              |
| <b>Cash Disbursements:</b>  |                         |                    |                 |                     |                                |
| Current:  |                         |                    |                 |                     |                                |
| General Government  | 1,477,263               |                    |                 |                     | 1,477,263                      |
| Public Safety   |                         | 11,046,353         |                 |                     | 11,046,353                     |
| Public Works  |                         | 2,283,233          |                 |                     | 2,283,233                      |
| Health  | 147,108                 | (214)              |                 |                     | 146,894                        |
| Conservation - Recreation   | 73,400                  | 335,083            |                 |                     | 408,483                        |
| Debt Service:   |                         |                    |                 |                     |                                |
| Redemption of Principal   |                         | 101,291            | 40,000          |                     | 141,291                        |
| Interest and Fiscal Charges   |                         | 12,338             | 49,610          |                     | 61,948                         |
| Capital Outlay  |                         | 512,750            |                 | 977,794             | 1,490,544                      |
| <b>Total Cash Disbursements</b>   | <b>1,697,771</b>        | <b>14,290,834</b>  | <b>89,610</b>   | <b>977,794</b>      | <b>17,056,009</b>              |
| <b>Total Receipts Over/(Under) Disbursements</b>  | <b>694,927</b>          | <b>(168,482)</b>   | <b>38,987</b>   | <b>(600,000)</b>    | <b>(34,568)</b>                |
| <b>Other Financing Receipts and (Disbursements):</b>  |                         |                    |                 |                     |                                |
| Proceeds from Sale of Public Debt:  |                         |                    |                 |                     |                                |
| Other Proceeds from Sale of Public Debt   |                         |                    |                 | 600,000             | 600,000                        |
| Sale of Fixed Assets  |                         | 3,613              |                 |                     | 3,613                          |
| Transfers-In  |                         | 41,817             | 61,421          |                     | 103,238                        |
| Advances-In   |                         | 465,000            |                 |                     | 465,000                        |
| Transfers-Out   | (61,421)                | (41,817)           |                 |                     | (103,238)                      |
| Advances-Out  | (465,000)               |                    |                 |                     | (465,000)                      |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <b>(526,421)</b>        | <b>468,613</b>     | <b>61,421</b>   | <b>600,000</b>      | <b>603,613</b>                 |
| <b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b> | <b>168,506</b>          | <b>300,131</b>     | <b>100,408</b>  |                     | <b>569,045</b>                 |
| <b>Fund Cash Balances, January 1</b>  | <b>507,153</b>          | <b>2,491,887</b>   | <b>(25,841)</b> |                     | <b>2,973,199</b>               |
| <b>Fund Cash Balances, December 31</b>  | <b>\$675,659</b>        | <b>\$2,792,018</b> | <b>\$74,567</b> |                     | <b>\$3,542,244</b>             |
| <b>Reserve for Encumbrances, December 31</b>  | <b>\$28,180</b>         | <b>\$466,660</b>   |                 |                     | <b>\$494,840</b>               |

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the 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 general government services, including road and bridge maintenance, cemetery maintenance, police and fire protection and emergency medical services. The Township established the Sylvania Township Water and Sewer District to provide water and sewer services in 2001, see Note 1B, below.

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

**B. 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 District to pay for constructing, maintaining, repairing, and operating a sewer system. See Note 10 for additional information.

**C. Jointly Governed Organization**

The Township, in conjunction with the City of Sylvania and Sylvania School District formed the Sylvania Area Joint Recreation District (SAJRD) under the authority of Ohio Revised Code § 755.14(c). The SAJRD Board of Trustees is composed of twelve members, four of whom are appointed by each of the three separate government entities identified above. Funding for the SAJRD is provided by a voter-approved tax levy on all real property located within the Township. 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.

**D. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

**E. Cash**

The accounting basis includes investments as assets. This basis does not report purchases of investments as disbursements or investment sales as receipts. This basis recognizes gains or losses at the time of sale as receipts or disbursements, respectively.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**F. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Fire District Fund – This fund receives property tax money to pay for fire protection and emergency medical services.

Police Fund – This fund receives property tax money to pay for police protection.

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Permissive Tax Fund – This fund receives permissive tax money to pay for maintenance and upkeep of Township property.

**3. Debt Service Funds**

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Funds.

Senior Center Bond Fund – This fund was created to track the semi annual payments of the debt entered into for the new construction of the senior center.

Bank Debt Fund – This fund was created to track payments on the bank loan entered into for general operations.

**G. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**2. 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 also approve estimated resources.

**3. 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 2005 and 2004 budgetary activity appears in Note 3.

**H. Property, Plant, and Equipment**

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

**I. 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.

**2. EQUITY IN POOLED CASH**

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

|                |                    |                    |
|----------------|--------------------|--------------------|
|                | 2005               | 2004               |
| Total deposits | <u>\$6,491,081</u> | <u>\$3,542,244</u> |

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

| 2005 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$2,748,613          | \$3,128,421        | \$379,808   |
| Special Revenue                   | 16,553,573           | 17,000,274         | 446,701     |
| Debt Service                      | 88,290               | 88,290             |             |
| Capital Projects                  |                      | 504,000            | 504,000     |
| Total                             | \$19,390,476         | \$20,720,985       | \$1,330,509 |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$3,264,077                | \$2,517,423               | \$746,654   |
| Special Revenue                                       | 18,452,498                 | 16,019,946                | 2,432,552   |
| Debt Service  | 88,290                     | 88,290                    |             |
| Total   | \$21,804,865               | \$18,625,659              | \$3,179,206 |

| 2004 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$1,878,669          | \$2,392,698        | \$514,029 |
| Special Revenue                   | 13,816,337           | 14,167,782         | 351,445   |
| Debt Service                      | 85,031               | 190,018            | 104,987   |
| Capital Projects                  | 977,794              | 977,794            |           |
| Total                             | \$16,757,831         | \$17,728,292       | \$970,461 |

| 2004 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$2,301,328                | \$1,787,372               | \$513,956   |
| Special Revenue                                       | 15,653,982                 | 14,799,311                | 854,671     |
| Debt Service  | 89,610                     | 89,610                    |             |
| Capital Projects                                      | 977,794                    | 977,794                   |             |
| Total   | \$19,022,714               | \$17,654,087              | \$1,368,627 |

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceeding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2005, was as follows:

|                          | Principal   | Interest Rate |
|--------------------------|-------------|---------------|
| Fire Truck Note          | \$137,169   | 4.09%         |
| General Obligation Bonds | 1,015,000   | Variable      |
| OPWC Loan - Storm Sewer  | 72,193      |               |
| OPWC Loan - McCord Road  | 540,000     |               |
| Total                    | \$1,764,362 |               |

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 on January 1, 2015.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**5. DEBT – (Continued)**

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

| Year ending December 31: | Fire Truck<br>Note | General<br>Obligation<br>Bonds | OPWC Loan -<br>Storm Sewer | OPWC Loan -<br>McCord Road |
|--------------------------|--------------------|--------------------------------|----------------------------|----------------------------|
| 2006                     | \$49,513           | \$82,555                       | \$18,048                   | \$30,000                   |
| 2007                     | 49,513             | 82,830                         | 36,097                     | 60,000                     |
| 2008                     | 49,513             | 82,925                         | 18,048                     | 60,000                     |
| 2009                     |                    | 82,840                         |                            | 60,000                     |
| 2010                     |                    | 86,323                         |                            | 60,000                     |
| 2011-2015                |                    | 432,190                        |                            | 270,000                    |
| 2016-2020                |                    | 440,080                        |                            |                            |
| 2021-2022                |                    | 166,868                        |                            |                            |
| Total                    | <u>\$148,539</u>   | <u>\$1,456,611</u>             | <u>\$72,193</u>            | <u>\$540,000</u>           |

**6. CAPITAL LEASES**

During 2003, the Township entered into a capital lease agreement with American Financial Network, Inc for the lease of four police vehicles. This lease is a four year lease with annual lease payments of \$22,943, interest rate of 5.394%, concluding on September 3, 2006.

During 2004, the Township entered into a capital lease agreement with Life Star Ambulance Company for the lease of a 1996 ambulance. This lease is a three year lease with quarterly lease payments of \$3,750, with a zero percent interest rate, concluding on November 15, 2007.

During 2005, the Township entered into a capital lease agreement with Ohio Township Association Leasing, LLC for the lease of an ambulance. This lease is a four year lease with semi-annual lease payments of \$15,952, interest rate of 4.03%, concluding on December 31, 2010.

During 2005, the Township entered into a capital lease agreement with Citi Corp Vendor Finance for the lease of two defibrillators. This lease is a two year lease with monthly lease payments of \$1,492, with a zero percent interest rate, concluding on May 26, 2007.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2005.



**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**6. CAPITAL LEASES – (Continued)**

| Fiscal Year Ending<br>December 31,                 | Police<br>Vehicles | 1996<br>Ambulance | 2005<br>Ambulance | Defibrillators   |
|--|--------------------|-------------------|-------------------|------------------|
| 2006   | \$ 22,943          | \$ 15,000         | \$ 31,904         | \$ 17,906        |
| 2007   |                    | 15,000            | 31,904            | 5,969            |
| 2008   |                    |                   | 31,904            |                  |
| 2009   |                    |                   | 31,904            |                  |
| 2010   |                    |                   | 15,952            |                  |
| <i>Total</i>                                       | 22,943             | 30,000            | 143,568           | 23,875           |
| Less: Amount Representing<br>Interest              | 1,174              |                   | 13,457            |                  |
| <i>Present Value of Minimum<br/>Lease Payments</i> | <u>\$ 21,769</u>   | <u>\$ 30,000</u>  | <u>\$ 130,111</u> | <u>\$ 23,875</u> |

**7. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, members of OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries for 2005 and 2004. The Township has paid all contributions required through December 31, 2005.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health, prescription, dental, vision, and life insurance.

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**9. 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.

**10. RELATED PARTY TRANSACTIONS**

The Township has agreed to loan the Sylvania Township Water and Sewer District up to \$1,500,000, at an annual interest rate of 6 percent, for the purpose of constructing, maintaining, and operating a sanitary sewer system. The loan is payable at such time as mutually agreed upon by the Township and the Water and Sewer District. Proceeds distributed to the Water and Sewer District during fiscal year 2005 and 2004 totaled \$4,500 and \$66,235 respectively. As of December 31, 2005, the Water and Sewer District owes the Township \$1,118,606.



# 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 Sylvania Township, Lucas County (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated [REPORT DATE], wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated January 29, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **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*. In a separate letter to the Township's management dated January 29, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

January 29, 2007

**SYLVANIA TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|---|------------------|--|
| 2003-001       | Ohio Revised Code § 5705.41(B), making expenditures without being properly appropriated | Yes              |  |
| 2003-002       | Record maintenance  | Yes              |  |





**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 20, 2007**