

**SYLVANIA TOWNSHIP**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Sylvania Township, Lucas County, prepared by Weber O'Brien Ltd., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

April 18, 2011

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**SYLVANIA TOWNSHIP**

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## INDEPENDENT AUDITORS' REPORT

Sylvania Township  
Lucas County  
4927 Holland-Sylvania Road  
Sylvania, OH 43560

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township ("the Township"), as of and for the year ended December 31, 2009, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Road and Bridge, Police, and Fire funds for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2011, on our consideration of Sylvania Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered 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, appearing to read "John O'Brien Ltd.", is written in black ink.

March 14, 2011

**Sylvania Township, Lucas County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

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This discussion and analysis of Sylvania Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2009, 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 Government's financial performance.

**Highlights**

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$9,689,007 or approximately 83 percent. The reason for the decrease in net assets is primarily due to the receipt of the proceeds from the sale of a short term note in the principal amount of \$7,900,000 for capital improvements for the Fire Department.

The Township's general receipts are primarily property taxes. Property tax receipts represent \$14,407,981 or 51 percent of the total cash received for governmental activities during the year. Property tax receipts for 2009 increased by \$968,520 or approximately 7% which is primarily due to the passage of a fire levy in 2008.

**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.



**Sylvania Township, Lucas County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

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**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.

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 Government as a Whole**

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

The Township provides general administration, road and bridge maintenance, and 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 2009, 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.

**Sylvania Township, Lucas County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

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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, the provision of police and fire protection and other governmental services.

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

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

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

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

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008 on a cash basis.

**Sylvania Township, Lucas County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

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(Table 1)

**Net Assets**

	Governmental Activities	
	2009	2008
<b>Assets</b>		
Cash and Cash Equivalents	\$21,369,441	\$11,680,434
Total Assets	\$21,369,441	\$11,680,434
<b>Net Assets</b>		
Restricted for:		
Debt Service	\$74,567	\$74,567
Capital Outlay	\$8,373,593	\$1,658,012
Other Purposes	14,000	20,800
Unrestricted	12,907,281	9,927,055
Total Net Assets	\$21,369,441	\$11,680,434

As mentioned previously, net assets of governmental activities increased \$9,689,007 or 83 percent during 2009. The primary reasons contributing to the increase in cash balances are as follows:

- Note proceeds in the amount of \$7,943,715.
- Property tax receipts due to the passage of a fire levy in 2008.
- Increase in cable system franchise fees from 4% in 2008 to 5% in 2009.
- Inheritance tax revenues were higher than anticipated.
- Expenditures decreased, primarily as a result of reduced capital expenditures.

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for primary government activities.

**Sylvania Township, Lucas County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

(Table 2)

**Changes in Net Assets**

	Governmental Activities	
	2009	2008
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$519,344.00	\$527,950.00
Operating Grants and Contributions	\$1,078,693.00	\$1,381,580.00
Capital Grants and Contributions	\$45,000.00	\$785,833.00
Total Program Receipts	\$1,643,037.00	\$2,695,363.00
General Receipts:		
Property and Other Local Taxes	\$14,407,981.00	\$13,439,461.00
Cable Franchise Fees	\$334,237.00	\$283,978.00
Notes Issued	\$7,995,048.00	\$0.00
Premium on Notes Issued	\$43,715.00	\$0.00
Grants and Entitlements not restricted to Specific Programs	\$5,242,547.00	\$4,102,538.00
Special Assessments	\$24,000.00	\$30,263.00
Interest	\$80,074.00	\$333,641.00
Sale of Fixed Assets	\$157,567.00	\$46,723.00
Miscellaneous	\$203,618.00	\$238,222.00
Total General Receipts	\$28,488,787.00	\$18,474,826.00
Total Receipts	\$30,131,824.00	\$21,170,189.00
Disbursements:		
General Government	\$1,431,974.00	\$1,640,974.00
Public Safety	\$12,952,033.00	\$13,465,334.00
Public Health Services	\$167,800.00	\$162,480.00
Conservation/Recreation	\$30,653.00	\$25,000.00
Human Services	\$452,821.00	\$453,799.00
Public Works	\$3,514,891.00	\$4,956,084.00
Capital Outlay	\$1,696,294.00	\$2,895,478.00
Principal Retirement	\$154,726.00	\$115,873.00
Interest and Fiscal Charges	\$41,625.00	\$46,553.00
Total Disbursements	\$20,442,817.00	\$23,761,575.00
Change in Net Assets	\$9,689,007.00	(\$2,591,386.00)
Net Assets, Beginning of Year	\$11,680,434.00	\$14,271,820.00
Net Assets, End of Year	\$21,369,441.00	\$11,680,434.00

**Sylvania Township, Lucas County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

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Program receipts represent only 6 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as 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 94 percent total receipts and of this amount, 51 percent is from property and other local taxes and 28 percent is from note proceeds. State entitlements, cable franchise fees and General Fund interest revenues make up the majority of the balance of the Township's general receipts (20 percent). The remaining general receipts include miscellaneous revenue which are insignificant and somewhat unpredictable.

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 deductions for services from the health department and the cost of cemetery upkeep. Conservation and Recreation expenses represent the amount of funding the Township has contributed to the Parks System for improvements to the parks. Human Services is the levy proceeds that are received for the operation of the Senior Center.

**Governmental Activities**

If you look at the Statement of Activities you will see that the first column, lists the major services provided by the Township. The second column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works which account for 62 and 18 percent, respectively of all governmental disbursements. General government also represents a significant cost of about 7 percent. The next three columns of the statement entitled Program 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 service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the net cost is presented in Table 3.

**Sylvania Township, Lucas County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

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(Table 3)

**Governmental Activities**

	Net Cost of Services 2009	Net Cost of Services 2008
General Government	\$1,349,892.00	\$1,556,999.00
Public Safety	\$12,166,165.00	\$12,386,006.00
Health	\$113,012.00	\$109,186.00
Conservation/Recreation	\$30,653.00	\$25,000.00
Human Services	\$452,821.00	\$453,799.00
Public Works	\$2,794,592.00	\$3,477,318.00
Capital Outlay	\$1,696,294.00	\$2,895,478.00
Debt Retirement	\$154,726.00	\$115,873.00
Interest and Fiscal Charges	\$41,625.00	\$46,553.00
<b>Total Expenses</b>	<b>\$18,799,780.00</b>	<b>\$21,066,212.00</b>

The dependence upon property tax receipts is apparent as over 77 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$21,967,361 and disbursements of \$20,442,817. The greatest changes within governmental funds occurred within the Permanent Improvement and General Funds. The Permanent Improvement Fund's fund balance increased by \$6,723,194 primarily as a result of the transfer of note proceeds from the Fire Fund. The fund balance of the General Fund increased \$1,802,697 primarily as the result of an increase in inheritance tax revenues. The General Fund also kept expenses approximately \$652,000 below the budgeted amount.

**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 2009, the Township amended its General Fund budget several times to reflect changing circumstances. Actual receipts were greater than original budgeted receipts due to the increase in the cable system franchise fees as well as inheritance taxes were greater than anticipated. The difference between final budgeted receipts and actual receipts was \$628,059.

**Sylvania Township, Lucas County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

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Final disbursements were budgeted at \$2,271,911 while actual disbursements were \$1,619,880. The Township kept spending under the budgeted amounts as demonstrated by the reported variances.

**Capital Assets and Debt Administration**

Capital Assets

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

Debt

At December 31, 2009, the Township's outstanding debt included \$835,000 in general obligation bonds issued for the construction of the Sylvania Senior Center and \$817,302 for OPWC loans for infrastructure improvements and \$7.9 million for the Note retirement. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

The Township received its first financial rating in 2009 and received an AA+ rating.

**Current Issues**

Like most governments, Sylvania Township is facing complex fiscal challenges in trying to balance high quality service with declining revenues. We rely heavily on local taxes and have very little industry to support the tax base. In 2009, the Township received proceeds from the sale of a short term note for the renovation of the No. 4 Fire Station and the construction of three (3) new fire stations. The Township received its first financial rating in 2009 and received an AA+ rating; which is the highest rating in Northwest Ohio. Cost allocation for services and related expenses provided to the other departments that are included in the General Fund expenses were also continued in 2009. The Board of Township Trustees extended the "Tax Holiday" and will forego the collection of the 1.50 mills police levy proceeds to be collected in 2010.

**Contacting the Government's Financial Management**

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

**Sylvania Township, Ohio**  
**Lucas County**  
Statement of Net Assets - Cash Basis  
December 31, 2009

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	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$21,369,441
Total Assets	<u>\$21,369,441</u>
<b>Net Assets</b>	
Restricted for:	
Capital Outlay	\$8,373,593
Debt Service	\$74,567
Demolition Escrow	\$14,000
Total Restricted Assets	<u>\$8,462,160</u>
Unrestricted	\$12,907,281
Total Net Assets	<u>\$21,369,441</u>



**Sylvania Township, Ohio**  
**Lucas County**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2009

	Program Cash Receipts			Net Disbursements	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$1,431,974	\$82,082			(\$1,349,892)
Public Safety	\$12,952,033	\$36,357	\$749,511		(\$12,166,165)
Public Works	\$3,514,891	\$398,170	\$277,129	\$45,000	(\$2,794,592)
Health	\$167,800	\$2,735	\$52,053		(\$113,012)
Human Services	\$452,821				(\$452,821)
Conservation-Recreation	\$30,653				(\$30,653)
Capital Outlay	\$1,696,294				(\$1,696,294)
Debt Service:					
Principal Retirement	\$154,726				(\$154,726)
Interest and Fiscal Charges	\$41,625				(\$41,625)
<i>Total Governmental Activities</i>	<u>\$20,442,817</u>	<u>\$519,344</u>	<u>\$1,078,693</u>	<u>\$45,000</u>	<u>(\$18,799,780)</u>
		<b>General Receipts</b>			
				\$	14,407,981
					\$334,237
					\$7,995,048
					\$43,715
					\$5,242,547
					\$24,000
					\$80,074
					\$157,567
					\$203,618
					<u>\$28,488,787</u>
					\$9,689,007
					<u>\$11,680,434</u>
					<u>\$21,369,441</u>

**Sylvania Township, Ohio**  
**Lucas County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2009*

	General	Road and Bridge Fund	Police Fund	Fire Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$5,856,497	\$1,394,765	\$3,546,058	\$1,541,560	\$7,765,259	\$1,265,302	\$21,369,441
<b>Total Assets</b>	<b>\$5,856,497</b>	<b>\$1,394,765</b>	<b>\$3,546,058</b>	<b>\$1,541,560</b>	<b>\$7,765,259</b>	<b>\$1,265,302</b>	<b>\$21,369,441</b>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$1,597	\$895	\$17,950	\$27,997	\$1,356,917	\$91,007	\$1,496,363
Unreserved:							
General Fund	\$5,854,900						\$5,854,900
Special Revenue Funds		\$1,393,870	\$3,528,108	\$1,513,563		\$491,393	\$6,926,934
Debt Service Funds						\$74,567	\$74,567
Capital Projects Funds					\$6,408,342	\$608,335	\$7,016,677
<b>Total Fund Balances</b>	<b>\$5,856,497</b>	<b>\$1,394,765</b>	<b>\$3,546,058</b>	<b>\$1,541,560</b>	<b>\$7,765,259</b>	<b>\$1,265,302</b>	<b>\$21,369,441</b>

**Sylvania Township, Ohio**  
**Lucas County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General	Road & Bridge Fund	Police Fund	Fire Fund	Permanent Improve Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$645,733	\$2,002,094	\$5,235,262	\$5,904,487		\$620,405	\$14,407,981
Charges for Services	\$0	\$15,000	\$5,200	\$13,239		\$2,735	\$36,174
Licenses, Permits and Fees	\$44,845	\$340	\$9,941	\$6,520		\$0	\$61,646
Cable Franchise Fees	\$334,237	\$0	\$0	\$0		\$0	\$334,237
Fines and Forfeitures	\$37,237	\$0	\$0	\$0		\$28,414	\$65,651
Intergovernmental	\$2,433,625	\$411,715	\$1,225,709	\$1,892,593		\$358,325	\$6,321,967
Special Assessments	\$0	\$0	\$0	\$0		\$421,829	\$421,829
Interest	\$38,058	\$8,472	\$18,746	\$9,930		\$3,300	\$78,506
Miscellaneous	\$63,118	\$64,662	\$4,965	\$8,661		\$2,916	\$144,322
<i>Total Receipts</i>	<u>\$3,596,853</u>	<u>\$2,502,283</u>	<u>\$6,499,823</u>	<u>\$7,835,430</u>	<u>\$0</u>	<u>\$1,437,924</u>	<u>\$21,872,313</u>
<b>Disbursements</b>							
Current:							
General Government	\$1,431,974						\$1,431,974
Public Safety			\$6,179,538	\$6,614,013		\$158,482	\$12,952,033
Public Works		\$2,660,039				\$854,852	\$3,514,891
Health	\$160,459					\$7,341	\$167,800
Human Services	\$850					\$451,971	\$452,821
Conservation-Recreation	\$25,000					\$5,653	\$30,653
Capital Outlay		\$1,152			\$1,366,569	\$328,573	\$1,696,294
Debt Service:							
Principal Retirement		\$109,726				\$45,000	\$154,726
Interest and Fiscal Charges						\$41,625	\$41,625
<i>Total Disbursements</i>	<u>\$1,618,283</u>	<u>\$2,770,917</u>	<u>\$6,179,538</u>	<u>\$6,614,013</u>	<u>\$1,366,569</u>	<u>\$1,893,497</u>	<u>\$20,442,817</u>
<b>Other Financing Sources (Uses)</b>							
Sale of Capital Assets	\$6,947	\$14,585	\$14,785	\$121,250			\$157,567
Notes Issued				\$7,900,000		\$95,048	\$7,995,048
Premiums on Notes Issued				\$43,715			\$43,715
Accrued Interest on Debt Issue				\$1,568			\$1,568
Transfers In		\$464,660	\$49,032		\$8,028,152	\$434,067	\$8,975,911
Transfers Out	(\$2,625,318)		(\$428,828)	(\$5,920,978)		(\$786)	(\$8,975,910)
Advances In	\$2,442,498		\$13,833	\$3,000		\$9,300	\$2,468,631
Advances Out			(\$6,300)	(\$2,445,497)		(\$16,833)	(\$2,468,630)
Other Financing Sources					\$61,611		\$61,611
<i>Total Other Financing Sources (Uses)</i>	<u>(\$175,873)</u>	<u>\$479,245</u>	<u>(\$357,478)</u>	<u>(\$296,942)</u>	<u>\$8,089,763</u>	<u>\$520,796</u>	<u>\$8,259,511</u>
<i>Net Change in Fund Balances</i>	<u>\$1,802,697</u>	<u>\$210,611</u>	<u>(\$37,193)</u>	<u>\$924,475</u>	<u>\$6,723,194</u>	<u>\$65,223</u>	<u>\$2,965,813</u>
<i>Fund Balances Beginning of Year</i>	<u>\$4,053,800</u>	<u>\$1,184,154</u>	<u>\$3,583,251</u>	<u>\$617,085</u>	<u>\$1,042,065</u>	<u>\$1,200,079</u>	<u>\$11,680,434</u>
<i>Fund Balances End of Year</i>	<u><u>\$5,856,497</u></u>	<u><u>\$1,394,765</u></u>	<u><u>\$3,546,058</u></u>	<u><u>\$1,541,560</u></u>	<u><u>\$7,765,259</u></u>	<u><u>\$1,265,302</u></u>	<u><u>\$21,369,441</u></u>

Sylvania Township, Ohio  
Lucas County  
Statement of Fiduciary Net Assets - Cash Basis  
Fiduciary Funds  
December 31, 2009

	Private Purpose Trust
<b>Assets</b>	
Cash and Cash Equivalents	\$19,328
<i>Total Assets</i>	<u>\$19,328</u>
<b>Net Assets</b>	
Unrestricted	<u>\$19,328</u>

The Accompanying Notes are an Integral Part  
of These Financial Statements.

**Sylvania Township, Ohio**  
**Lucas County**  
 Statement of Changes in Fiduciary Net Assets - Cash Basis  
 Fiduciary Funds  
 For the Year Ended December 31, 2009

	Private Purpose Trust
<b>Additions</b>	
Contributions	\$49,720
Total Additions	<u>\$49,720</u>
<b>Deductions</b>	
Payments	\$42,654
Total Deductions	<u>\$42,654</u>
Change in Net Assets	\$7,066
Net Assets - Beginning of Year	<u>\$12,262</u>
Net Assets - End of Year	<u><u>\$19,328</u></u>

**Sylvania Township, Ohio**  
**Lucas County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
**General Fund**  
*For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$653,568	\$653,881	\$645,733	(\$8,148)
Licenses, Permits and Fees	\$33,000	\$33,000	\$44,845	\$11,845
Fines and Forfeitures	\$32,500	\$32,500	\$37,237	\$4,737
Intergovernmental	\$1,416,126	\$1,445,413	\$2,433,625	\$988,212
Miscellaneous	\$140,000	\$140,000	\$63,118	(\$76,882)
Cable Franchise Fees	\$264,000	\$264,000	\$334,237	\$70,237
Interest	\$400,000	\$400,000	\$38,058	(\$361,942)
<i>Total receipts</i>	<u>\$2,939,194</u>	<u>\$2,968,794</u>	<u>\$3,596,853</u>	<u>\$628,059</u>
<b>Disbursements</b>				
Current:				
General Government	\$2,028,698	\$2,055,581	\$1,433,571	\$622,010
Health	\$160,000	\$160,460	\$160,459	\$1
Human Services	\$400	\$870	\$850	\$20
Conservation-Recreation	\$25,000	\$25,000	\$25,000	
Capital Outlay	\$30,000	\$30,000		\$30,000
Debt Service:				
Principal Retirement				
Interest and Fiscal Charges				\$0
<i>Total Disbursements</i>	<u>\$2,244,098</u>	<u>\$2,271,911</u>	<u>\$1,619,880</u>	<u>\$652,031</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			\$6,947	\$6,947
Transfers Out	(\$1,174,306)	(\$2,766,104)	(\$2,625,318)	\$140,786
Advances In	\$50,000	\$50,000	\$2,442,498	\$2,392,498
<i>Total Other Financing Sources (Uses)</i>	<u>(\$1,124,306)</u>	<u>(\$2,716,104)</u>	<u>(\$175,873)</u>	<u>\$2,540,231</u>
<i>Net Change in Fund Balance</i>	(\$429,210)	(\$2,019,221)	\$1,801,100	\$3,820,321
<i>Fund Balance Beginning of Year</i>	\$4,011,060	\$4,011,060	\$4,011,060	
Prior Year Encumbrances Appropriated	\$42,740	\$42,740	\$42,740	
<i>Fund Balance End of Year</i>	<u>\$3,624,590</u>	<u>\$2,034,579</u>	<u>\$5,854,900</u>	<u>\$3,820,321</u>

Sylvania Township, Ohio  
Lucas County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Road & Bridge Fund  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$2,031,360	\$2,038,072	\$2,002,094	(\$35,978)
Charges for Services			\$15,000	\$15,000
Licenses, Permits and Fees			\$340	\$340
Intergovernmental	\$291,978	\$377,266	\$411,715	\$34,449
Earnings on Investments			\$8,472	\$8,472
Miscellaneous	\$85,000	\$85,000	\$64,662	(\$20,338)
Total receipts	\$2,408,338	\$2,500,338	\$2,502,283	\$1,945
<b>Disbursements</b>				
Current:				
Public Works	\$3,298,010	\$3,345,660	\$2,660,934	\$684,726
Capital Outlay	\$15,000	\$15,000	\$1,152	\$13,848
Debt Service:				
Principal Retirement	\$127,350	\$127,350	\$109,726	\$17,624
Total Disbursements	\$3,440,360	\$3,488,010	\$2,771,812	\$716,198
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$547,070	\$547,070	\$464,660	(\$82,410)
Sale of Fixed Assets			\$14,585	\$14,585
Total Other Financing Sources (Uses)	\$547,070	\$547,070	\$479,245	(\$67,825)
Net Change in Fund Balance	(\$484,952)	(\$440,602)	\$209,716	\$650,318
Fund Balance Beginning of Year	\$1,069,950	\$1,069,950	\$1,069,950	
Prior Year Encumbrances Appropriated	\$114,204	\$114,204	\$114,204	
Fund Balance End of Year	\$699,202	\$743,552	\$1,393,870	\$650,318

**Sylvania Township, Ohio**

**Lucas County**

*Statement of Receipts, Disbursements and Changes*

*In Fund Balance - Budget and Actual - Budget Basis*

*Police Fund*

*For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$4,918,200	\$5,182,400	\$5,235,262	\$52,862
charges for Service			\$5,200	\$5,200
Licenses, Permits and Fees	\$15,000	\$15,000	\$9,941	(\$5,059)
Intergovernmental	\$1,181,081	\$1,181,081	\$1,225,709	\$44,628
Earnings on Investments			\$18,746	\$18,746
Miscellaneous	\$33,000	\$33,000	\$4,965	(\$28,035)
Total receipts	\$6,147,281	\$6,411,481	\$6,499,823	\$88,342
<b>Disbursements</b>				
Current:				
Public Safety	\$6,657,042	\$6,767,042	\$6,197,488	\$569,554
Debt Service:				
Principal Retirement				
Total Disbursements	\$6,657,042	\$6,767,042	\$6,197,488	\$569,554
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$43,860	\$43,860	\$49,032	\$5,172
Transfers Out	(\$531,752)	(\$531,752)	(\$428,828)	\$102,924
Sale of Fixed Assets			\$14,785	\$14,785
Advances In			\$13,833	\$13,833
Advances Out		(\$6,300)	(\$6,300)	
Total Other Financing Sources (Uses)	(\$487,892)	(\$494,192)	(\$357,478)	\$136,714
Net Change in Fund Balance	(\$997,653)	(\$849,753)	(\$55,143)	\$794,610
Fund Balance Beginning of Year	\$3,449,939	\$3,449,939	\$3,449,939	
Prior Year Encumbrances Appropriated	\$133,312	\$133,312	\$133,312	
Fund Balance End of Year	\$2,585,598	\$2,733,498	\$3,528,108	\$794,610



**Sylvania Township, Ohio**  
**Lucas County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire Fund*  
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$5,847,600	\$5,887,653	\$5,904,487	\$16,834
Charges for Services	\$14,241	\$14,241	\$13,239	(\$1,002)
Licenses, Permits and Fees		\$9,000	\$6,520	(\$2,480)
Intergovernmental	\$1,241,753	\$1,881,047	\$1,892,593	\$11,546
Earnings on Investments			\$9,930	\$9,930
Miscellaneous	\$26,739	\$24,239	\$8,661	(\$15,578)
Total receipts	\$7,130,333	\$7,816,180	\$7,835,430	\$19,250
<b>Disbursements</b>				
Current:				
Public Safety	\$6,708,667	\$7,094,150	\$6,642,010	\$452,140
Debt Service:				
Principal Retirement				\$0
Interest and Fiscal Charges				\$0
Total Disbursements	\$6,708,667	\$7,094,150	\$6,642,010	\$452,140
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			\$121,250	121,250
Notes Issued	\$7,943,715	\$8,072,715	\$7,900,000	(172,715)
Premiums on Notes Issued			\$43,715	43,715
Accrued Interest on Debt Issue			\$1,568	1,568
Transfers Out	(\$588,020)	(\$6,045,382)	(\$5,920,978)	124,404
Advances In			\$3,000	3,000
Advances Out	(\$50,000)	(\$2,445,498)	(\$2,445,497)	1
Total Other Financing Sources (Uses)	\$7,305,695	(\$418,165)	(\$296,942)	\$121,223
Net Change in Fund Balance	\$7,727,361	\$303,865	\$896,478	\$592,613
Fund Balance Beginning of Year	\$364,125	\$364,125	\$364,125	
Prior Year Encumbrances Appropriated	\$252,560	\$252,960	\$252,960	
Fund Balance End of Year	\$8,344,046	\$920,950	\$1,513,563	\$592,613

**Sylvania Township**  
**Lucas County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**

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**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. The Township has no component units.

**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. As of December 11, 2008, the Township Water & Sewer District was dissolved.

**Sylvania Township**  
**Lucas County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**  
**(Continued)**

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**Note 1 – Reporting Entity (continued)**

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 12 to the financial statement provides information about the Sylvania Senior Citizen Center.

The Township participates in one jointly governed organization. Note 13 to the financial statement 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, 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.

**Sylvania Township**  
**Lucas County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**  
**(Continued)**

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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.

**Fund Financial Statements**

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

**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 non exchange transactions as governmental funds. The Township's major governmental funds are as follows:

**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.

Sylvania Township  
Lucas County  
Notes to the Financial Statements  
For the Year Ended December 31, 2009  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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.

Police 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.

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.

Permanent Improvement Fund:

The Permanent Improvement fund is used to account for the proceeds of short-term note sales to provide for construction and renovation to multiple fire departments and the purchase of new fire fighting equipment.

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

Fiduciary Funds:

Fiduciary funds include a private purpose trust fund used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund accounts for reporting monies collected from and held on behalf of employees for Section 125 qualified medical reimbursement accounts limited to prescription drug benefits. The accounts are managed via a third party administrator agreement with AFLAC, Inc. and the funds are paid out as billed.

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.

**Sylvania Township  
Lucas County  
Notes to the Financial Statements  
For the Year Ended December 31, 2009  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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.

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

**Sylvania Township**  
**Lucas County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**  
**(Continued)**

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**Note 2 – Summary of Significant Accounting Policies (continued)**

Interest earnings are allocated to Township funds according to State statutes, township policy, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 was \$38,058.

**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. Inter-fund Receivables/Payables**

The Township reports advances-in and advances-out for inter-fund 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 7 and 8, 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, 2009  
(Continued)**

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**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. Inter-fund 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 inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of 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 difference 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 \$1,597 for the general fund and \$46,842 for major special revenue funds.



**Sylvania Township**  
**Lucas County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**  
**(Continued)**

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**Note 4 – Deposits and Investments**

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or 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:

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;

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;

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;

Bonds and other obligations of the State of Ohio or Ohio local governments;

Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**Sylvania Township  
Lucas County  
Notes to the Financial Statements  
For the Year Ended December 31, 2009  
(Continued)**

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**Note 4 – Deposits and Investments (continued)**

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;

The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within 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, \$4,373,566 of the Township's bank balance of \$21,533,566 was exposed to custodial credit risk. All funds were FDIC insured.

**Note 5 – 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 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

**Sylvania Township**  
**Lucas County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**  
**(Continued)**

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**Note 5 – Property Taxes (continued)**

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. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

2009 tangible property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009.

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.

The full tax rate for all Township operations for the year ended December 31, 2009, was \$19.97 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$1,195,099,240
Commercial/Industrial	\$ 275,332,900
Public Utility Property	
Real	\$ 30,530
Personal	\$ 16,205,540
Tangible Personal Property	<u>\$ 1,774,135</u>
 Total Assessed Value	 \$1,488,442,345

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.

**Sylvania Township  
Lucas County  
Notes to the Financial Statements  
For the Year Ended December 31, 2009  
(Continued)**

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**Note 6 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, 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.

**Note 7 – Defined Benefit Pension Plans**

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer 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. Under the combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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.

**Sylvania Township  
Lucas County  
Notes to the Financial Statements  
For the Year Ended December 31, 2009  
(Continued)**

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**Note 7 – Defined Benefit Pension Plans (continued)**

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2009 member contribution rates were 10.0% for members in state and local classifications. Public Safety and law enforcement members contributed 10.1%. The Township's contribution rate for 2009 was 14.00 percent of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2009 was 17.63%.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$857,928, \$818,725 and \$830,564 respectively. The full amount has been contributed for 2009, 2008 and 2007.

**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.

Plan members are required to contribute 10 percent of their annual covered salary while the Township is required to contribute 24 percent for firefighters. Contributions are established by State statute. For 2009, a portion of the Township's contribution equal to 7.75 percent of covered payroll was allocated to fund the post employment healthcare plan. The Township's contributions to OP&F for firefighters were \$865,213 for the year ended December 31, 2009, \$849,446 for the year ended December 31, 2008 and \$834,043 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008 and 2007.

**Note 8 – Post Employment Benefits**

**A. Ohio Public Employees Retirement System**

OPERS maintains a cost-sharing multiple-employer defined benefit post employment 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 post employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

**Sylvania Township**  
**Lucas County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**  
**(Continued)**

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**Note 8 – Post Employment Benefits (continued)**

To qualify for post employment 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 mandate, 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 post employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post employment 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 post employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll and 17.63 percent for law enforcement. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of the covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post employment health care benefits. The portion of the employer contribution allocated to health care was 7% from January 1, 2009 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. 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 post employment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$357,729, \$360,554 and \$280,068 respectively; 100 percent has been contributed for 2009, 2008 and 2007.

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.

**Sylvania Township  
Lucas County  
Notes to the Financial Statements  
For the Year Ended December 31, 2009  
(Continued)**

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**Note 8 – Post Employment Benefits (continued)**

**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 post employment 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 post employment 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, 2009, 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.

**Sylvania Township  
Lucas County  
Notes to the Financial Statements  
For the Year Ended December 31, 2009  
(Continued)**

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**Note 8 – Post Employment Benefits (continued)**

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters were \$221,009 for the year ended December 31, 2009, \$238,694 for the year ended December 31, 2008 and \$242,511 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008, and 2007.

**Note 9 – Debt**

The Township's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
Governmental Activities					
General Obligation Bonds	3.0% - 5.05%	\$ 880,000	0	\$ 45,000	\$ 835,000
OPWC Loan Central / McCord	0%	360,000	0	60,000	300,000
OPWC Loan Corey Road	0%	121,439	0	12,144	109,295
OPWC Loan Westchester Woods	0%	249,818	56,233	30,605	275,446
OPWC Loan Mitchaw Road	0%	100,720	38,816	6,977	132,559
Short Term Perm Improvement Note	1.25%	0	7,900,000	0	7,900,000
		<u>\$1,711,977</u>	<u>\$ 7,995,049</u>	<u>\$ 154,726</u>	<u>\$ 9,552,300</u>

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

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



**Sylvania Township  
Lucas County  
Notes to the Financial Statements  
For the Year Ended December 31, 2009  
(Continued)**

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**Note 9 – Debt (continued)**

During 2009, the Township finalized its loan agreement with the Ohio Public Works Commission in the amount of \$121,439 for the resurfacing of Corey Road from 0.04 miles west of Whiteford to 0.06 miles south of Monroe Street and the replacement of Culvert #176. This agreement is for ten years with a zero percent interest rate and final payment due on January 1, 2019.

During 2009, the Township finalized its loan agreement with the Ohio Public Works Commission in the amount of \$306,051 for pavement improvement in Westchester Woods Subdivision. This agreement is for ten years with a zero percent interest rate and final payment due on January 1, 2019.

During 2009, the Township finalized its loan agreement with the Ohio Public Works Commission in the amount of \$139,535 for road improvements to Mitchaw Road. This agreement is for ten years with a zero percent interest rate and final payment due on July 1, 2019.

During 2009, the Township issued a short term note in the amount of \$7,900,000 for the construction of three new fire stations and the renovations of the existing No. 4 station as well as the purchase of three new pumpers and a ladder truck. This note is due March 26, 2010 and has an interest rate of 1.25%.

The following is a summary of the Township's future annual debt service requirements including interest as of December 31, 2009:

Year Ending December 31:	General					Short Term
	Obligation	OPWC Loan -	OPWC Loan -	OPWC Loan -	OPWC Loan -	Perm. Impr.
	Bond	McCord Road	Corey Road	Westchester	Mitchaw Road	Notes
2010	89,690	60,000	12,144	30,605	13,954	7,998,750
2011	87,515	60,000	12,144	30,605	13,954	-
2012	90,375	60,000	12,144	30,605	13,954	-
2013	90,895	60,000	12,144	30,605	13,954	-
2014	90,448	60,000	12,144	30,605	13,954	-
2015 and thereafter	<u>696,939</u>	<u>-</u>	<u>48,575</u>	<u>122,421</u>	<u>62,789</u>	<u>-</u>
Total	<u>\$ 1,145,862</u>	<u>\$ 300,000</u>	<u>\$ 109,295</u>	<u>\$ 275,446</u>	<u>\$ 132,559</u>	<u>\$ 7,998,750</u>

**Sylvania Township**  
**Lucas County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**  
**(Continued)**

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**Note 9 – 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, 2009 were an overall debt margin of \$141,465,792 and an unvoted debt margin of \$74,101,129.

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

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

**Note 10 – Inter-fund Transfers**

During 2009 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Funds	\$2,463,693
Other Governmental Funds	\$ 161,625
Total Transfers from the General Fund	<u>\$2,625,318</u>

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

In addition, the Police Fund and Fire Fund transferred money into capital equipment fund in the amount of \$225,000 and \$17,826, respectively, and the Police Fund and Fire Fund transferred \$175,000 and \$5,903,152, respectively, to the Permanent Improvement Fund. The Police Fund also transferred \$28,829 to Grant Fund 39. In addition, Grant Fund 39 transferred \$786 to Grant Fund 33.

**Sylvania Township  
Lucas County  
Notes to the Financial Statements  
For the Year Ended December 31, 2009  
(Continued)**

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**Note 11 – Contingent Liabilities**

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 12 – 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 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 respective 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 9 – 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.

**Note 13 – 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 its representatvies 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.

**Sylvania Township  
Lucas County  
Notes to the Financial Statements  
For the Year Ended December 31, 2009  
(Continued)**

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**Note 14 - Related Organizations**

The Township did not have any related organizations in 2009 due to the Water and Sewer District being dissolved on December 11, 2008.

**Note 15 Employee Medical, Dental, and Vision Insurance**

Employee health benefits are provided through the OME-RESA Health Benefits Insurance Consortium. The OME-RESA Health Benefits Insurance Consortium is a claims servicing self-insurance pool organized under Ohio Revised Code Chapter 167 for the purpose of establishing and carrying out a cooperative program to administer medical, prescription, vision and dental benefits for employees of the participating entities and their eligible dependents. The Consortium contracts with third party administrators to process and pay health claims, dental claims and vision claims incurred by its members. The Consortium also purchases stop loss coverage for claims in excess of a set amount for individual claims and in the pool's aggregate.

Each member of the Consortium is obligated to pay a fee based on an estimate of the member's share of the Consortium costs for the fiscal year. Included in this estimate are claims by eligible employees which are payable by each member, the member's share of the medical, prescription, vision and dental insurance premiums, and their proportionate share of the administrative costs of the Consortium. The actual balance of each member's account is determined on a monthly basis. Each member is required to meet or exceed the claims that have been incurred but not reported (IBNR) and to maintain adequate reserves or current funding to meet or exceed their claims fluctuation reserve requirements. If a member is in a deficit position, the participating member has two fiscal years to make up a negative reserve amount or an insufficient IBNR and three fiscal years to make up insufficient claims fluctuation reserves.

Members may withdraw from the Consortium with as much notice as is possible for the termination, allowing the Consortium time to determine any withdrawal balance owed to or by the departing employer. Any outstanding reserve balances are held by the Consortium for a maximum period of six months to satisfy the payment of claims incurred before termination. The terminating member has the option to pay all of claims incurred prior to the termination of membership so that any reserves could be released sooner. Employers found to be in a deficit position wishing to leave the Consortium will be required to repay the deficit in full within ninety days of the effective withdrawal date. Additionally, such terminating member will be required to pay any claims incurred prior to termination notification.

Activity in the Township's OME-RESA Health Benefits Insurance Consortium account during 2009 was as follows:

**Sylvania Township**  
**Lucas County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**  
**(Continued)**

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**Note 15 - Employee Medical, Dental, and Vision Insurance (continued)**

Activity in the Township's OME-RESA Health Benefits Insurance Consortium account during 2009 was as follows:

<u>Fiscal</u> <u>Year</u>	<u>Beginning</u> <u>Balance</u>	<u>Current Year</u> <u>Premiums</u>	<u>Expense</u> <u>Payments</u>	<u>Ending</u> <u>Balance</u>
2009	-0-	\$1,577,317	\$1,700,300	(\$122,983)

**Note 16 – Subsequent Events**

The Township sold a short term note in the amount of \$7,900,000 in 2009 for the construction of three new fire stations and the renovations of station #4 (Note 9). The note was a one (1) year note with an effective rate of .69%. The township sold in March 2010, \$8,500,000 twenty year Bonds to pay off the short term note and pay for any additional requirements for the construction of the new fire stations.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of Sylvania Township ("the Township") as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. We consider findings 2009-01 and 2009-02 described in the accompanying schedule of findings to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.



March 14, 2011

**SYLVANIA TOWNSHIP  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2009**

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

**Finding Number 2009-01**

Material Weakness – Financial Statements

The Township's internally prepared cash basis financial statements presented for audit contained the following errors which have been corrected in the Township's financial statements:

- Audit adjustments resulting from the 2007 financial statement audit were not recorded in the Township's accounting records which resulted in erroneous beginning fund balances.
- The budgetary statements for the general and major special revenue funds contained erroneous encumbrance amounts.
- The Statement of Activities did not properly classify revenues as program or general in accordance with the requirements of GASB 34. In addition, the Statement of Activities did not mathematically total.
- The financial statements did not conform with GASB 34 presentation requirements.
- Permissive tax receipts were erroneously classified.
- Bond proceeds were recorded in the wrong fund, and transfers improperly used to reflect the proceeds in the proper fund.
- Transfers were improperly used to allocate shared costs from the general fund to other funds.
- Certain notes to the financial statements were incorrect.

The accuracy of the Township's financial statements is the responsibility of Township management. Failure of Township management to review the financial statements and related disclosures for accuracy could allow errors in the financial statements to go undetected. We recommend the financial statements prepared by Township financial staff be reviewed by an appropriate member of management prior to submission to the auditors.

Management's Response:

As stated in the 2008 audit response and reiterated below for the 2009 response, audit adjustments requested by the State Auditor ( in audits 2006 and 2007) were made in April 2008 by the Township, however, the State Auditors made duplicate entries for the Internal Service fund. Consequently the beginning and ending fund balances were incorrectly stated on a fund by fund basis.

Notes to the Financial Statement will be more closely monitored

These findings occurred in both 2008 and 2009 as a result of a 2 year audit cycle. The Township is considering a yearly audit to avoid these types of repeated results.



SYLVANIA TOWNSHIP  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2009

Finding 2009-02

Material Weakness- Inter-fund Transfers

The Township issued a bond anticipation note in the principal amount of \$7,900,000 and recorded the proceeds in the Township's Bond fund. The purpose of the note was to acquire fire equipment and to construct or improve fire stations. The note proceeds were subsequently recorded as a transfer to the Fire fund with a portion then recorded as a transfer to the Permanent Improvement fund. The Township also allocated shared costs to certain special revenue funds by the use of transfers to the General fund.

The transfer from the Bond fund to other funds is not permitted under Ohio Revised Code (ORC) § 5705. The note proceeds should have been directly recorded in the funds for the purposes in which the security was issued in accordance with ORC § 133. The transfer from special revenue funds to the General fund for shared costs is also not permitted under ORC § 5705. The Township's financial statements have been adjusted to eliminate these transfers.

Township financial personnel should familiarize themselves with the requirements of ORC § 5705 as it applies to inter-fund transfers. If doubt exists as to the legality of a transfer, we recommend that Township legal counsel be consulted.

Management's Response:

The Township will follow O.R. C. 5705.14 through 5705.16 for the transfer of funds.

**SYLVANIA TOWNSHIP  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Status</u>
2008-01	Material Weakness -Deficiencies in Financial Reporting	No	Repeated as Finding 2009-01
2008-02	Material Weakness - Inter-fund Transfers	No	Repeated as Finding 2009-02



# Dave Yost • Auditor of State

**SYLVANIA TOWNSHIP**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 5, 2011**