



Mary Taylor, CPA
Auditor of State

SYLVANIA TOWNSHIP
LUCAS COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township, Lucas County, Ohio (the Township), as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township, Lucas County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, Police, and Fire funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 5, 2009

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

This discussion and analysis of Sylvania Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$5,726,446 or 67 percent, a significant change from the prior year. The General Fund, Police District Fund, Fire Fund and Other Government Funds all experienced significant increases in cash balances. The General Fund unexpectedly received estate taxes in excess of 2.9 million. While tax revenues have increased in the Police Fund, expenditures have remained consistent. The Fire Funds expenditures have decreases and Transfers and Advances in have contributed toward its increase in fund balance. The Township has established a Capital Equipment Reserve fund within Other Governmental Funds that has received \$475,000 from the major funds.
- The Township's general receipts are primarily property taxes. These receipts represent \$14,260,781 or 61 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006.
- In efforts to reduce health care costs the township changed from partially self funding medical and coverage to contracting a fully funded medical plan with Aetna. Although the Township did experience a significant increase, it is presumed that costs would have been even greater had we maintained our self funded status due to our claims experience.
- The Township adopted an accounting policy to recognize reserves for capital expenditures such as equipment, facilities and permanent improvements.
- The Township also began allocating administrative overhead to departments for which support services are provided, thus properly assigning the full cost of services provided by the police, fire and road departments.

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.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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

Basis of Accounting

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

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

Reporting the Township as a Whole

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

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

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, 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 or business-type activity draws from the Township's general receipts.

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

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used and is being spent for the intended purpose. The funds of the Township are 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 and Bridge Fund, Police Fund and the Fire Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resource of these funds are not available to support the Township's programs. 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 2007 compared to 2006 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$14,271,820	\$8,545,374
Total Assets	14,271,820	8,545,374
Net Assets		
Restricted for:		
Capital Projects	979,228	504,000
Debt Service	74,567	44,147
Other Purposes	7,590,934	5,651,748
Unrestricted	5,627,091	2,345,479
Total Net Assets	\$14,271,820	\$8,545,374

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

As mentioned previously, net assets of governmental activities increased \$5,726,446 or 67 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- Unanticipated receipt of estate taxes in excess of 2.9 million. The Township typically receive anywhere from \$485,000 to \$650,000.
- Increase of interest revenue. This was primarily due to the increase of our cash balance.
- While personal property is being phased out; the revenue from the Capital Acquisition Tax (C.A.T.) tax was significantly higher than anticipated.
- Budgeted for actual needs; not what was available. The township used a modified zero based budgetary process rather than incremental based process when preparing the 2007 budget.
- Expenditures were kept below budget.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

(Table 2)

Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$630,534	\$826,161
Operating Grants and Contributions	3,914,819	3,832,341
Capital Grants and Contributions	70,022	
Total Program Receipts	4,615,375	4,658,502
General Receipts:		
Property and Other Local Taxes	14,260,781	14,043,999
Cable Franchise Fees	258,772	235,967
Grants and Entitlements not restricted to Specific Programs	3,581,732	1,037,077
Interest	595,596	383,366
Miscellaneous	251,295	103,816
Total General Receipts	18,948,176	15,804,225
Total Receipts	23,563,551	20,462,727
Disbursements:		
General Government	1,207,755	1,912,448
Public Safety	12,163,090	12,079,881
Public Health Services	162,696	149,159
Conservation/Recreation	25,000	67,000
Human Services	452,991	443,102
Public Works	3,032,126	2,692,302
Capital Outlay	429,029	739,620
Principal Retirement	310,199	265,857
Interest and Fiscal Charges	54,219	59,065
Total Disbursements	17,837,105	18,408,434
Change in Net Assets	5,726,446	2,054,293
Net Assets, January 1	8,545,374	6,491,081
Net Assets, December 31	\$14,271,820	\$8,545,374

Program receipts represent only 20 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.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

General receipts represent 80 percent of the Township's total receipts, and of this amount, 75 percent is from property and other local taxes. State entitlements, cable franchise fees and General Fund interest revenues make up the majority of the balance of the Township's general receipts (23 percent). The remaining general receipts includes miscellaneous revenues which are insignificant and somewhat unpredictable revenue sources.

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

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

Governmental Activities

If you look at the Statement of Activities you will see that the first column, lists the major services provided by the Township. The second column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety, public works which account for 68 and 17 percent, respectively of all governmental disbursements. General government also represents a significant cost, about 7 percent. The next three columns of the statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and operating grants/entitlements received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Net Cost of Services 2007	Net Cost of Services 2006
General Government	\$1,154,612	\$1,861,021
Public Safety	9,129,764	9,006,418
Health	160,651	146,059
Conservation/Recreation	25,000	67,000
Human Services	398,254	392,483
Public Works	1,560,002	1,212,409
Capital Outlay	429,029	739,620
Debt Retirement	310,199	265,857
Interest and Fiscal Charges	54,219	59,065
Total Expenses	\$13,221,730	\$13,749,932

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The dependence upon property tax receipts is apparent as over 74 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$23,563,551 and disbursements of \$17,837,105. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$3,281,612 as a result of receiving a significant amount of estate taxes which was approximately 2.9 million.

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 2007, the Township amended its General Fund budget several times to reflect changing circumstances. Actual receipts were greater than original budgeted receipts due to property taxes coming in lower than the County's estimate; licenses, permits and fees were higher than expected; we received a significant amount of intergovernmental revenue due to the significant amount of estate taxes; we received more in interest revenue than was anticipated as well as miscellaneous receipts. The difference between final budgeted receipts and actual receipts was \$945,886.

Final disbursements were budgeted at \$2,838,950 while actual disbursements were \$1,504,021. The Township kept spending under the budgeted amounts as demonstrated by the reported variances. The result is an increase to the General Fund balance in the amount of \$ 3,301,017 for 2007.

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, 2007, the Township's outstanding debt included \$925,000 in general obligation bonds issued for the construction of the Sylvania Senior Center; \$47,567 note balance for the purchase of a fire truck and \$420,000 for OPWC loans for infrastructure improvements. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. In 2007, the Township implemented procedures to accrue money for future permanent improvements, and capital equipment for the General, Road and Bridge, and Police District Funds. Cost allocation for services and related expenses provided to the other departments that are included in General Fund expenses Fund was also introduced in 2007. The Board of Township Trustees declared a "Tax Holiday" and will forego the collection of the 1.50 mills police levy proceeds to be collected in 2008.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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
LUCAS COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2007*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$14,271,820</u>
Net Assets	
Restricted for:	
Capital Projects	979,228
Debt Service	74,567
Other Purposes	7,590,934
Unrestricted	<u>5,627,091</u>
<i>Total Net Assets</i>	<u>\$14,271,820</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2007*

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$1,207,755	\$53,143			(\$1,154,612)
Public Safety	12,163,090	190,718	\$2,842,608		(9,129,764)
Public Works	3,032,126	384,628	1,017,474	\$70,022	(1,560,002)
Health	162,696	2,045			(160,651)
Human Services	452,991		54,737		(398,254)
Conservation-Recreation	25,000				(25,000)
Capital Outlay	429,029				(429,029)
Debt Service:					
Principal Retirement	310,199				(310,199)
Interest and Fiscal Charges	54,219				(54,219)
<i>Total Governmental Activities</i>	17,837,105	630,534	3,914,819	70,022	(13,221,730)
		General Receipts			
		Property Taxes Levied for:			
		General Purposes			677,805
		Road and Bridge			2,087,755
		Police			6,432,392
		Fire			4,665,709
		Senior Center			397,120
		Cable Franchise Fees			258,772
		Grants and Entitlements not Restricted to Specific Programs			3,581,732
		Interest			595,596
		Miscellaneous			251,295
		<i>Total General Receipts</i>			18,948,176
		Change in Net Assets			5,726,446
		<i>Net Assets Beginning of Year</i>			8,545,374
		<i>Net Assets End of Year</i>			<u><u>\$14,271,820</u></u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	General	Road and Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$5,627,091	\$1,376,278	\$3,505,072	\$1,057,428	\$2,705,951	\$14,271,820
Fund Balances						
Reserved:						
Reserved for Encumbrances	35,056	108,709	109,925	338,471	219,284	811,445
Unreserved:						
Undesignated, Reported in:						
General Fund	5,592,035					5,592,035
Special Revenue Funds		1,267,569	3,395,147	718,957	1,432,872	6,814,545
Debt Service Fund					74,567	74,567
Capital Projects Funds					979,228	979,228
Total Fund Balances	<u>\$5,627,091</u>	<u>\$1,376,278</u>	<u>\$3,505,072</u>	<u>\$1,057,428</u>	<u>\$2,705,951</u>	<u>\$14,271,820</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

	General	Road and Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$677,805	\$2,087,755	\$6,432,392	\$4,665,709	\$397,120	\$14,260,781
Charges for Services				14,241	109,853	124,094
Licenses, Permits and Fees	350,845		12,907		2,045	365,797
Fines and Forfeitures					14,787	14,787
Intergovernmental	3,581,732	294,875	979,433	1,390,587	1,101,213	7,347,840
Special Assessments					384,628	384,628
Interest	595,596				66,177	661,773
Other	220,875		37,747	26,581	118,648	403,851
<i>Total Receipts</i>	<u>5,426,853</u>	<u>2,382,630</u>	<u>7,462,479</u>	<u>6,097,118</u>	<u>2,194,471</u>	<u>23,563,551</u>
Disbursements						
Current:						
General Government	1,207,755					1,207,755
Public Safety			6,080,533	5,785,272	297,285	12,163,090
Public Works		2,282,148			749,978	3,032,126
Health	156,164				6,532	162,696
Human Services	400				452,591	452,991
Conservation-Recreation	25,000					25,000
Capital Outlay	79,646	67,329	165,102	57,849	59,103	429,029
Debt Service:						
Principal Retirement		96,097		50,092	164,010	310,199
Interest and Fiscal Charges				4,414	49,805	54,219
<i>Total Disbursements</i>	<u>1,468,965</u>	<u>2,445,574</u>	<u>6,245,635</u>	<u>5,897,627</u>	<u>1,779,304</u>	<u>17,837,105</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,957,888</u>	<u>(62,944)</u>	<u>1,216,844</u>	<u>199,491</u>	<u>415,167</u>	<u>5,726,446</u>
Other Financing Sources (Uses)						
Transfers In	100,000	450,000	12,521	100,000	640,253	1,302,774
Transfers Out	(665,358)	(335,837)	(201,579)		(100,000)	(1,302,774)
Advances In	325,000			435,918	31,300	792,218
Advances Out	(435,918)		(31,300)	(300,000)	(25,000)	(792,218)
<i>Total Other Financing Sources (Uses)</i>	<u>(676,276)</u>	<u>114,163</u>	<u>(220,358)</u>	<u>235,918</u>	<u>546,553</u>	
<i>Net Change in Fund Balances</i>	3,281,612	51,219	996,486	435,409	961,720	5,726,446
<i>Fund Balances Beginning of Year</i>	<u>2,345,479</u>	<u>1,325,059</u>	<u>2,508,586</u>	<u>622,019</u>	<u>1,744,231</u>	<u>8,545,374</u>
<i>Fund Balances End of Year</i>	<u>\$5,627,091</u>	<u>\$1,376,278</u>	<u>\$3,505,072</u>	<u>\$1,057,428</u>	<u>\$2,705,951</u>	<u>\$14,271,820</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$690,000	\$690,000	\$677,805	(\$12,195)
Licenses, Permits and Fees	314,126	314,126	350,845	36,719
Intergovernmental	1,038,634	3,038,634	3,581,732	543,098
Interest	275,000	275,000	595,596	320,596
Other	83,561	163,207	220,875	57,668
<i>Total Receipts</i>	<u>2,401,321</u>	<u>4,480,967</u>	<u>5,426,853</u>	<u>945,886</u>
Disbursements				
Current:				
General Government	2,905,618	2,180,023	1,239,111	940,912
Health	150,000	156,639	156,164	475
Human Services		550	400	150
Conservation-Recreation	25,000	25,000	25,000	
Other		365,284		365,284
Capital Outlay	106,615	108,446	83,346	25,100
Debt Service:				
Principal Retirement		2,421		2,421
Interest and Fiscal Charges		587		587
<i>Total Disbursements</i>	<u>3,187,233</u>	<u>2,838,950</u>	<u>1,504,021</u>	<u>1,334,929</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(785,912)</u>	<u>1,642,017</u>	<u>3,922,832</u>	<u>2,280,815</u>
Other Financing Sources (Uses)				
Transfers In		89,142	100,000	10,858
Transfers Out	(430,530)	(720,125)	(665,358)	54,767
Advances In			325,000	325,000
Advances Out	(189,418)	(489,418)	(435,918)	53,500
<i>Total Other Financing (Uses)</i>	<u>(619,948)</u>	<u>(1,120,401)</u>	<u>(676,276)</u>	<u>444,125</u>
<i>Net Change in Fund Balance</i>	(1,405,860)	521,616	3,246,556	2,724,940
<i>Fund Balance Beginning of Year</i>	2,291,018	2,291,018	2,291,018	
Prior Year Encumbrances Appropriated	54,461	54,461	54,461	
<i>Fund Balance End of Year</i>	<u>\$939,619</u>	<u>\$2,867,095</u>	<u>\$5,592,035</u>	<u>\$2,724,940</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$2,254,000	\$2,097,134	\$2,087,755	(\$9,379)
Intergovernmental	248,374	225,240	294,875	69,635
Other	32,672	32,672		(32,672)
<i>Total Receipts</i>	<u>2,535,046</u>	<u>2,355,046</u>	<u>2,382,630</u>	<u>27,584</u>
Disbursements				
Current:				
Public Works	3,145,054	3,198,776	2,331,535	867,241
Capital Outlay	63,757	168,776	126,651	42,125
Debt Service:				
Principal Retirement		96,097	96,097	
<i>Total Disbursements</i>	<u>3,208,811</u>	<u>3,463,649</u>	<u>2,554,283</u>	<u>909,366</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(673,765)</u>	<u>(1,108,603)</u>	<u>(171,653)</u>	<u>936,950</u>
Other Financing Sources (Uses)				
Transfers In		450,000	450,000	
Transfers Out	(678,807)	(507,165)	(335,837)	171,328
<i>Total Other Financing Sources (Uses)</i>	<u>(678,807)</u>	<u>(57,165)</u>	<u>114,163</u>	<u>171,328</u>
<i>Net Change in Fund Balance</i>	(1,352,572)	(1,165,768)	(57,490)	1,108,278
<i>Fund Balance Beginning of Year</i>	1,038,664	1,038,664	1,038,664	
Prior Year Encumbrances Appropriated	286,395	286,395	286,395	
<i>Fund Balance End of Year</i>	<u>(\$27,513)</u>	<u>\$159,291</u>	<u>\$1,267,569</u>	<u>\$1,108,278</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$6,670,000	\$6,644,000	\$6,432,392	(\$211,608)
Licenses, Permits and Fees	13,900	13,900	12,907	(993)
Intergovernmental	733,158	733,158	979,433	246,275
Other	54,905	54,905	37,747	(17,158)
<i>Total Receipts</i>	<u>7,471,963</u>	<u>7,445,963</u>	<u>7,462,479</u>	<u>16,516</u>
Disbursements				
Current:				
Public Safety	6,476,747	6,620,507	6,189,608	430,899
Capital Outlay	304,650	294,650	165,952	128,698
<i>Total Disbursements</i>	<u>6,781,397</u>	<u>6,915,157</u>	<u>6,355,560</u>	<u>559,597</u>
<i>Excess of Receipts Over Disbursements</i>	<u>690,566</u>	<u>530,806</u>	<u>1,106,919</u>	<u>576,113</u>
Other Financing Sources (Uses)				
Transfers In			12,521	12,521
Transfers Out	(765,772)	(204,391)	(201,579)	2,812
Advances Out		(31,300)	(31,300)	
<i>Total Other Financing Sources (Uses)</i>	<u>(765,772)</u>	<u>(235,691)</u>	<u>(220,358)</u>	<u>15,333</u>
<i>Net Change in Fund Balance</i>	(75,206)	295,115	886,561	591,446
<i>Fund Balance Beginning of Year</i>	2,403,508	2,403,508	2,403,508	
Prior Year Encumbrances Appropriated	105,078	105,078	105,078	
<i>Fund Balance End of Year</i>	<u>\$2,433,380</u>	<u>\$2,803,701</u>	<u>\$3,395,147</u>	<u>\$591,446</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$4,692,000	\$4,657,189	\$4,665,709	\$8,520
Charges for Services	16,625	14,241	14,241	
Intergovernmental	1,035,408	1,103,273	1,390,587	287,314
Other	40,047	26,581	26,581	
<i>Total Receipts</i>	<u>5,784,080</u>	<u>5,801,284</u>	<u>6,097,118</u>	<u>295,834</u>
Disbursements				
Current:				
Public Safety	6,085,084	6,432,977	6,120,872	312,105
Capital Outlay	75,222	96,720	60,720	36,000
Debt Service:				
Principal Retirement		2,931	50,092	(47,161)
Interest and Fiscal Charges		740	4,414	(3,674)
<i>Total Disbursements</i>	<u>6,160,306</u>	<u>6,533,368</u>	<u>6,236,098</u>	<u>297,270</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(376,226)</u>	<u>(732,084)</u>	<u>(138,980)</u>	<u>593,104</u>
Other Financing Sources (Uses)				
Transfers In		100,000	100,000	
Transfers Out	(429,731)			
Advances In		435,918	435,918	
Advances Out		(300,000)	(300,000)	
<i>Total Other Financing Sources (Uses)</i>	<u>(429,731)</u>	<u>235,918</u>	<u>235,918</u>	
<i>Net Change in Fund Balance</i>	(805,957)	(496,166)	96,938	593,104
<i>Fund Balance Beginning of Year</i>	333,519	333,519	333,519	
Prior Year Encumbrances Appropriated	288,500	288,500	288,500	
<i>Fund Balance End of Year</i>	<u>(\$183,938)</u>	<u>\$125,853</u>	<u>\$718,957</u>	<u>\$593,104</u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

*Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2007*

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$11,042</u></u>
Net Assets	
Unrestricted	<u><u>\$11,042</u></u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

*Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2007*

	<u>Private Purpose Trust</u>
Additions	
Contributions	<u>\$20,618</u>
Deductions	
Administrative	<u>9,576</u>
Change in Net Assets	11,042
Net Assets - Beginning of Year	<u> </u>
Net Assets - End of Year	<u><u>\$11,042</u></u>

See accompanying notes to the basic financial statements

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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 8th largest Township in the State of Ohio and as of January 1, 2000 operates under a Limited Home Rule – Urban Government. The Township is directed by a three member Board of Trustees which are elected to staggered four-year terms; In addition, there is an elected Fiscal Officer and an appointed Township Administrator.

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

A. Primary Government

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

B. Component Units

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

C. Related Organization

The Township formed the Sylvania Township Water and Sewer District (the District) under the authority of Ohio Revised Code 6199. The District Board is composed of five members, four (4) of whom are appointed by the Township and one (1) appointed by the Lucas County Commissioners. Funding for the District has been initially provided by a loan agreement with the Township. Tap-in fees are collected by The County and forwarded to the District. These tap-in fees are the only means the District has to pay on the loan issued by the Township. See Note 15 for additional information.

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

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 1 – REPORTING ENTITY – (CONTINUED)

The Township participates in one joint venture. Note 13 to the financial statements provides information about the Sylvania Senior Citizens Center.

The Township participates in one jointly governed organization. Note 14 to the financial statements provides information about the Sylvania Area Joint Recreation District (SAJRD).

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial Fund

Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

1. General Fund

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. Road and Bridge Fund

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

3. Police District Fund

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

4. Fire Fund

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

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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

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.

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.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund 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.

During 2007, the Township invested in nonnegotiable certificates of deposit, The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$595,596.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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

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.

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.

L. Net Assets

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

M. Fund Balance Reserves

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

N. Interfund Transactions

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and all major special revenue funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$35,056 for the general fund and \$557,105 for major special revenue funds.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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:

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$14,352,945 of the Township's bank balance of \$14,452,945 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

NOTE 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 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 5 – PROPERTY TAXES – (CONTINUED)

The 2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments 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, 2007, was \$13.90 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$1,197,041,320
Commercial/Industrial	\$ 270,987,000
Public Utility Property	
Real	\$ 35,480
Personal	\$ 21,614,110
Tangible Personal Property	\$ 39,018,282
Total Assessed Value	\$1,528,696,192

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

NOTE 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 2007, the Township has obtained commercial insurance for the following risks:

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

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

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, and law enforcement members contributed 10.10 percent.

The Township's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement, for whom the Township's contribution rate was 17.17 percent of covered payroll. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005, were \$830,564, \$798,163, and \$745,041 respectively. The full amount has been contributed for 2007, 2006, and 2005.

B. Ohio Police and Fire Pension Fund

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are established by State statute. For 2007, a portion of the Township's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Township's contributions to OP&F for firefighters were \$834,043 for the year ended December 31, 2007, \$869,337 for the year ended December 31, 2006, and \$884,237 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

NOTE 8 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for law enforcement). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007.

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

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005, were \$280,068, \$222,955, and \$210,812 respectively; 100 percent has been contributed for 2006, 2005, and 2004.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 8 - POSTEMPLOYMENT BENEFITS – (CONTINUED)

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

B. Ohio Police and Fire Pension Fund

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

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

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters were \$242,511 for the year ended December 31, 2007, \$292,590 for the year ended December 31, 2006, and \$285,535 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 9 – DEBT

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

<u>Governmental Activities</u>	Interest Rate	Balance December 31, 2006	Reductions	Balance December 31, 2007
Fire Truck Note	4.09%	\$ 93,266	\$ 45,698	\$ 47,567
General Obligation Bonds	3.0-5.05%	970,000	45,000	925,000
OPWC Loan (Storm Sewer)	0%	36,096	36,096	0
OPWC Loan (McCord Rd.)	0%	480,000	60,000	420,000
		<u>\$ 1,579,362</u>	<u>\$186,794</u>	<u>\$1,392,567</u>

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

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

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

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

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

Year ending December 31:	Fire Truck Note	General Obligation Bonds	OPWC Loan - McCord Road
2008	\$49,513	\$88,470	\$60,000
2009		86,625	60,000
2010		89,690	60,000
2011		87,515	60,000
2012		90,375	60,000
2013-2017		445,828	120,000
2018-2022		432,455	
Total	<u>\$49,513</u>	<u>\$1,320,958</u>	<u>\$420,000</u>

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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, 2007, were an overall debt margin of \$160,513,100 and an unvoted debt margin of \$84,078,291.

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

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

NOTE 10 – LEASES

The Township has paid in full all leases that were outstanding at December 31, 2006, including a 1996 and 2005 ambulance and defibrulators.

NOTE 11 – INTERFUND TRANSFERS

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Funds	\$562,521
Other Governmental Funds	102,837
Total Transfers from the General Fund	<u>\$665,358</u>
Transfers from the Major Governmental Funds to:	
Other Governmental Funds	<u>\$537,416</u>
Transfers from the Other Governmental Funds to:	
General Fund	<u>\$100,000</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.

The General Fund, Road and Bridge and Police Fund transferred money into the Capital Equipment Reserve Fund for \$2,813, \$270,837, and \$201,579 respectively.

The Road and Bridge Fund transferred money into the Road Maintenance and Repair Fund for \$65,000.

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 11 – INTERFUND TRANSFERS – (CONTINUED)

The Township has discontinued its Emergency Medical Services (Ambulance Fund) and has transferred a portion of its remaining balance (\$100,000) back to the General Fund.

NOTE 12 – CONTINGENT LIABILITIES

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

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

NOTE 13 – JOINT VENTURES

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

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

In 2002, the Township issued \$1,135,000 in general obligation bonds to fund the Township's 60 percent of the facility construction as described (Note 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 14 – JOINTLY GOVERNED ORGANIZATIONS

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 15 – RELATED ORGANIZATIONS

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

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

As of December 31, 2007, the Water and Sewer District owed the Township \$1,084,968.

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

NOTE 16 – SUBSEQUENT EVENTS

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



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township, Lucas County, (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 5, 2009, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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



Mary Taylor, CPA
Auditor of State

January 5, 2009

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

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

FINDING NUMBER 2007-001

Material Weakness

Monitoring Financial Statements

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

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

- Adjustments for taxes, intergovernmental revenues, and fines, licenses and permits totaled \$37,078.
- Adjustments for the elimination of the Permanent and Internal Service Funds totaled \$159,222, and \$714,851 respectively.
- Reclassifications for debt payments, permissive taxes, advances and transfers, reserves for encumbrances, and investment earnings not correctly posted totaled \$1,941,837.
- Reclassifications to the Statement of Activities totaling \$112,003 and elimination of Transfers and Advances from the Statement of Activities totaling \$978,892

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

FINDING NUMBER 2007-002

Material Weakness

Budgetary Reporting

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

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

**FINDING NUMBER 2007-002
(Continued)**

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

Fund	Estimated Receipts	Appropriations
General Fund	\$2,898,636	\$951,303
Road and Bridge	450,000	497,676
Police Fund	0	425,251
Fire Fund	600,000	887,052

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

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

Officials Response:

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

**SYLVANIA TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Entering financial data into the Township's accounting system.	No	Repeated as Finding Number 2007-001 in this report.
2006-002	Budgetary Reporting	No	Repeated as Finding Number 2007-002 in this report.



Mary Taylor, CPA
Auditor of State

SYLVANIA TOWNSHIP

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 5, 2009