SYLVANIA TOWNSHIP
LUCAS COUNTY, OHIO

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

SYLVANIA TOWNSHIP
LUCAS COUNTY, OHIO

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sylvania Township
Lucas County, Ohio
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, 2011, 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.

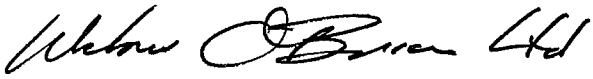
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Township prepares its financial statements on the cash basis, which is a comprehensive basis of accounting 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 basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sylvania Township, as of December 31, 2011, and the respective changes in the cash basis financial position, thereof 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 described in Note 2.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 5, 2012, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



December 5, 2012

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, 2011, 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.

Financial Highlights

Key financial highlights for 2011 are as follows:

> Net assets of governmental activities increased $678,874 or approximately 3%. The fund most affected by the increase in cash and cash equivalents was the fire fund due to the sale of the old fire station No. 3 and decreased spending.
>
> The Township's general receipts are primarily property taxes. Property tax receipts represent $14,151,490 or approximately 66% of the total cash received for governmental activities during the year. Property tax receipts for 2011 increased by $382,739 or approximately 2.8% which is primarily due to better collection rates in 2011 over 2010.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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 oversees the daily activities of the Township. The Township Fiscal Officer provides various fiscal reporting and oversight functions.

The Township provides general government services, maintenance of Township roads and bridges, cemetery 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 2011, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

In the statement of net assets and the statement of activities, we report governmental activities which include basic services such as construction, maintenance of Township roads and bridges, police and fire protection, and other governmental services.

Reporting the Township's Most Significant Funds

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

Proprietary Funds - When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township does not have any enterprise funds. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has one internal service fund to account and report for the self-insured dental plan claims and contributions.

Fiduciary Funds - Fiduciary funds are 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 has one 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 2011 compared to 2010 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2011	2010
Assets		
Cash and Cash Equivalents	$22,970,544	$22,291,670
Total Assets	$22,970,544	$22,291,670
Net Assets		
Restricted for:		
Capital Projects	$1,949,820	$3,021,172
Debt Service	74,567	74,567
Unrestricted	20,946,157	19,195,931
Total Net Assets	$22,970,544	$22,291,670

As mentioned previously, net assets of governmental activities increased $678,874 or approximately 3% during 2011. The primary reasons contributing to the increase in cash balances are as follows:

- Tighter controls on spending by the department heads.
- Less funds spent on capital projects.

Table 2 reflects the changes in net assets on a cash basis in 2011 and 2010 for governmental activities.

(Table 2)

Changes in Net Assets

	Governmental Activities	
	2011	2010
Receipts:		
Program Receipts:		
Charges for Services and Sales	$726,618	$550,653
Operating Grants and Contributions	1,154,782	1,104,135
Capital Grants and Contributions	469,237	81,971
Total Program Receipts	2,350,637	1,736,759
General Receipts:		
Property and Other Local Taxes	14,151,490	13,768,751
Cable Franchise Fees	439,088	426,590
Intergovernmental	4,180,734	4,984,587
Interest	150,736	252,856
Miscellaneous	26,286	194,277
Sale of Capital Assets	290,526	45,617
General Obligation Bonds Issued	0	8,500,000
Total General Receipts	19,238,860	28,172,678
Total Receipts	21,589,497	29,909,437
Disbursements:		
General Government	1,658,250	1,517,089
Public Safety	12,944,436	12,961,501
Public Works	3,323,097	2,982,889
Health	343,513	210,915
Human Services	427,773	432,681
Conservation-Recreation	0	25,000
Capital Outlay	1,406,321	2,457,024
Debt Service:		
Principal Retirement	486,703	8,066,703
Interest and Fiscal Charges	320,530	333,406
Total Disbursements	20,910,623	28,987,208
Change in Net Assets	678,874	922,229
Net Assets Beginning of Year	22,291,670	21,369,441
Net Assets End of Year	$22,970,544	$22,291,670

Program receipts represent only 11% of total receipts and are primarily comprised of restricted intergovernmental receipts such as police, fire, road and bridge rollback and homestead receipts, police and fire operating grants, and motor vehicle license, gas tax and permissive taxes.

General receipts represent 89% of the Township's total receipts, and of this amount, 74% is from property and other local taxes. The remaining 26% consists of cable franchise fees, intergovernmental, interest, miscellaneous, and sale of capital assets receipts.

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, finance department personnel, as well as internal services such as payroll and purchasing.

Disbursements for Public Safety represent the cost of police and fire protection. Disbursements for Public Works represent the cost of maintenance for Township roads and bridges. Health Services disbursements are deductions for services from the health department and the cost of cemetery upkeep. Human Services disbursements are 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 16%, respectively, of all governmental disbursements. General government also represents a significant cost of approximately 8%. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants 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.

(Table 3)
Governmental Activities

	Net Cost of Services 2011	Net Cost of Services 2010
General Government	$1,529,306	$1,424,943
Public Safety	12,026,553	12,084,947
Public Works	2,178,707	2,216,210
Health	184,093	209,535
Human Services	427,773	432,681
Conservation-Recreation	0	25,000
Capital Outlay	1,406,321	2,457,024
Principal Retirement	486,703	8,066,703
Interest and Fiscal Charges	320,530	333,406
Net Disbursements	$18,559,986	$27,250,449

The dependence upon property tax receipts is apparent as over 66% of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of $21,271,446 and disbursements of $20,773,150. The greatest change within governmental funds occurred within the fire fund and the permanent improvement fund. The fund balance of the fire fund increased by $528,074 and the permanent improvement fund decreased by $702,928. The increase in the fire fund was mainly due to the sale of old fire station No. 3 and managing their spending. The decrease in the permanent improvement fund was mainly due to construction of the new fire stations.

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 2011, the Township amended its general fund budget several times to reflect changing circumstances. Actual receipts were greater than original budgeted receipts by an immaterial amount. The difference between final budgeted receipts and actual receipts was $129,745.

Final disbursements were budgeted at $2,474,798 while actual disbursements were $1,852,668. 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, 2011, the Township's outstanding debt included $735,000 in general obligation bonds issued for the construction of the Sylvania Senior Center, $8,180,000 in general obligation bonds issued for the construction of three new fire stations, the remodeling of one fire station and the purchase of fire equipment, and $583,894 in Ohio Public Works Commission loans for infrastructure improvements. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

Like most governments, Sylvania Township is facing complex fiscal challenges in trying to balance high quality service with declining revenues. The State of Ohio has decreased revenues to Townships in several areas hence the declining revenues. We rely heavily on local taxes and have very little industry to support the tax base. In 2011, the Township is continuing the construction of the new fire stations with fire stations No. 2 and No. 3 being completed. These construction projects were paid for by the general obligation bonds issued in 2010 and which was made possible by the passing of a general levy of 1.25 mills in 2008. Property for fire station No. 1 has yet to be purchased. The Township continues to accumulate funds for future permanent improvements and capital equipment for the general, road and bridge, police and fire funds. Cost allocation for services and related expenses provided to the other departments that are included in the general fund expenses were also continued in 2011. The Board of Township Trustees extended the "Tax Holiday" and will forego the collection of the .75 mills police levy proceeds to be collected in 2012.

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, Ohio
Statement of Net Assets - Cash Basis
December 31, 2011

	Governmental Activities
Assets	
Cash and Cash Equivalents	$22,970,544
Total Assets	$22,970,544
Net Assets	
Restricted for:	
Capital Projects	$1,949,820
Debt Service	74,567
Unrestricted	20,946,157
Total Net Assets	$22,970,544

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

Sylvania Township
Lucas County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

		Program Cash Receipts			Net Receipts (Disbursements) and Change in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	$1,658,250	$128,944			($1,529,306)
Public Safety	12,944,436	34,253	883,630		(12,026,553)
Public Works	3,323,097	404,001	271,152	469,237	(2,178,707)
Health	343,513	159,420			(184,093)
Human Services	427,773				(427,773)
Capital Outlay	1,406,321				(1,406,321)
Debt Service:					
Principal Retirement	486,703				(486,703)
Interest and Fiscal Charges	320,530				(320,530)
Total Governmental Activities	$20,910,623	$726,618	$1,154,782	$469,237	($18,559,986)
		General Receipts			
		Property and Other Local Taxes			14,151,490
		Cable Franchise Fees			439,088
		Intergovernmental			4,180,734
		Interest			150,736
		Miscellaneous			26,286
		Sale of Capital Assets			290,526
		Total General Receipts			19,238,860
		Change in Net Assets			678,874
		Net Assets Beginning of Year			22,291,670
		Net Assets End of Year			$22,970,544

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

Sylvania Township
Lucas County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	General	Road and Bridge Fund	Police Fund	Fire Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	$6,038,855	$1,695,997	$3,721,456	$2,754,877	$6,088,006	$2,653,227	$22,952,418
Total Assets	$6,038,855	$1,695,997	$3,721,456	$2,754,877	$6,088,006	$2,653,227	$22,952,418
Fund Balances							
Restricted			$3,721,456	$2,754,877	$6,088,006	$2,653,227	$15,217,566
Committed		1,695,997					1,695,997
Assigned	6,675						6,675
Unassigned	6,032,180						6,032,180
Total Fund Balances	$6,038,855	$1,695,997	$3,721,456	$2,754,877	$6,088,006	$2,653,227	$22,952,418

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

Sylvania Township
Lucas County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities - Cash Basis
December 31, 2011

Total Governmental Fund Balances	$22,952,418
Amounts reported for governmental activities in the statement of net assets are different because	
Governmental activities' net assets include the internal service funds' cash and cash equivalents. The proprietary funds' statements include these assets.	18,126
Net Assets of Governmental Activities	$22,970,544

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

Sylvania Township
Lucas County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Road and Bridge Fund	Police Fund	Fire Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	$586,601	$1,827,584	$5,543,441	$5,828,257		$365,607	$14,151,490
Charges for Services			2,663			3,821	6,484
Licenses, Permits and Fees	95,987	680	12,160	16,297			125,124
Cable Franchise Fees	439,088						439,088
Fines and Forfeitures	32,956					137,210	170,166
State and Local Grants						458,480	458,480
Intergovernmental	1,522,834	346,569	1,047,794	1,717,749		575,124	5,210,070
Special Assessments						403,321	403,321
Interest	113,626			29,523		7,587	150,736
Miscellaneous	33,272	68,507	39,245	5,105	8,112	2,246	156,487
Total Receipts	2,824,364	2,243,340	6,645,303	7,596,931	8,112	1,953,396	21,271,446
Disbursements							
Current:							
General Government	1,658,250						1,658,250
Public Safety			6,278,964	6,565,158		100,314	12,944,436
Public Works		2,362,625				960,472	3,323,097
Health	187,743					18,297	206,040
Human Services						427,773	427,773
Capital Outlay					1,157,966	248,355	1,406,321
Debt Service:							
Principal Retirement		116,703				370,000	486,703
Interest and Fiscal Charges						320,530	320,530
Total Disbursements	1,845,993	2,479,328	6,278,964	6,565,158	1,157,966	2,445,741	20,773,150
Excess (Deficiency) of Receipts Over (Under) Disbursements	978,371	(235,988)	366,339	1,031,773	(1,149,854)	(492,345)	498,296
Other Financing Receipts (Disbursements)							
Sale of Capital Assets	2,140	207	15,363	272,816			290,526
Transfers In		500,000	7,772		575,000	1,181,180	2,263,952
Transfers Out	(1,135,937)	(200,000)	(150,000)	(778,015)			(2,263,952)
Advances In	10,200		900	1,500		5,133	17,733
Advances Out			(5,133)			(2,400)	(7,533)
Other Financing Disbursements					(128,074)		(128,074)
Total Other Financing Receipts (Disbursements)	(1,123,597)	300,207	(131,098)	(503,699)	446,926	1,183,913	172,652
Net Change in Fund Balances	(145,226)	64,219	235,241	528,074	(702,928)	691,568	670,948
Fund Balances Beginning of Year	6,184,081	1,631,778	3,486,215	2,226,803	6,790,934	1,961,659	22,281,470
Fund Balances End of Year	$6,038,855	$1,695,997	$3,721,456	$2,754,877	$6,088,006	$2,653,227	$22,952,418

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

Sylvania Township
Lucas County, Ohio
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds to the Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

Net Change in Fund Balances - Total Governmental Funds	$670,948
Amounts reported for governmental activities in the statement of activities are different because	
Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements).	7,926
Change in Net Assets of Governmental Activities	$678,874

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

Sylvania Township
Lucas County, Ohio
Statement of Proprietary Net Assets - Cash Basis
Proprietary Funds
December 31, 2011

	Governmental Activities Internal Service Fund
Assets	
Cash and Cash Equivalents	$18,126
Total Assets	$18,126
Net Assets	
Unrestricted	$18,126
Total Net Assets	$18,126

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

Sylvania Township

Lucas County, Ohio

Statement of Changes in Proprietary Net Assets - Cash Basis

Proprietary Funds

For the Year Ended December 31, 2011

	Governmental Activities Internal Service Fund
Additions	
Contributions	$155,599
Total Additions	155,599
Deductions	
Payments	137,473
Total Deductions	137,473
Excess of Receipts Over (Under) Disbursements	18,126
Other Financing Receipts (Disbursements)	
Advances Out	(10,200)
Change in Net Assets	7,926
Net Assets Beginning of Year	10,200
Net Assets End of Year	$18,126

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

Sylvania Township
Lucas County, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2011

	Private Purpose Trust
Assets	
Cash and Cash Equivalents	$26,570
Total Assets	$26,570
Net Assets	
Unrestricted	$26,570
Total Net Assets	$26,570

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

Sylvania Township

Lucas County, Ohio

Statement of Changes in Fiduciary Net Assets - Cash Basis

Fiduciary Funds

For the Year Ended December 31, 2011

	Private Purpose Trust
Additions	
Contributions	$51,917
Total Additions	51,917
Deductions	
Payments	51,510
Total Deductions	51,510
Change in Net Assets	407
Net Assets Beginning of Year	26,163
Net Assets End of Year	$26,570

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

Sylvania Township
Lucas County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	$602,420	$602,420	$586,601	($15,819)
Licenses, Permits and Fees	46,500	46,500	95,987	49,487
Cable Franchise Fees	434,000	434,000	439,088	5,088
Fines and Forfeitures	35,000	35,000	32,956	(2,044)
Intergovernmental	1,471,699	1,471,699	1,522,834	51,135
Interest	90,000	90,000	113,626	23,626
Miscellaneous	15,000	15,000	33,272	18,272
Total Receipts	2,694,619	2,694,619	2,824,364	129,745
Disbursements				
Current:				
General Government	1,941,821	2,270,698	1,664,925	605,773
Health	204,100	204,100	187,743	16,357
Total Disbursements	2,145,921	2,474,798	1,852,668	622,130
Excess (Deficiency) of Receipts				
Over (Under) Disbursements	548,698	219,821	971,696	751,875
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	0	2,140	2,140
Transfers Out	(1,260,676)	(1,284,098)	(1,135,937)	148,161
Advances In	0	0	10,200	10,200
Total Other Financing Receipts (Disbursements)	(1,260,676)	(1,284,098)	(1,123,597)	160,501
Net Change in Fund Balance	(711,978)	(1,064,277)	(151,901)	912,376
Fund Balance Beginning of Year	6,154,947	6,154,947	6,154,947	0
Prior Year Encumbrances	29,134	29,134	29,134	0
Fund Balance End of Year	$5,472,103	$5,119,804	$6,032,180	$912,376

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

Sylvania Township
Lucas County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Budget and Actual - Budgetary Basis
Road and Bridge Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	$1,881,880	$1,881,880	$1,827,584	($54,296)
Licenses, Permits and Fees	350	350	680	330
Intergovernmental	340,476	290,618	346,569	55,951
Interest	30,000	30,000	0	(30,000)
Miscellaneous	51,000	51,000	68,507	17,507
Total Receipts	2,303,706	2,253,848	2,243,340	(10,508)
Disbursements				
Current:				
Public Works	3,219,975	3,226,791	2,428,661	798,130
Debt Service:				
Principal Retirement	116,716	116,716	116,703	13
Total Disbursements	3,336,691	3,343,507	2,545,364	798,143
Excess (Deficiency) of Receipts Over (Under) Disbursements	(1,032,985)	(1,089,659)	(302,024)	787,635
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	0	207	207
Transfers In	500,000	500,000	500,000	0
Transfers Out	(200,000)	(200,000)	(200,000)	0
Total Other Financing Receipts (Disbursements)	300,000	300,000	300,207	0
Net Change in Fund Balance	(732,985)	(789,659)	(1,817)	787,842
Fund Balance Beginning of Year	1,592,537	1,592,537	1,592,537	0
Prior Year Encumbrances	39,241	39,241	39,241	0
Fund Balance End of Year	$898,793	$842,119	$1,629,961	$787,842

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

Sylvania Township
Lucas County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Budget and Actual - Budgetary Basis
Police Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	$5,705,700	$5,705,700	$5,543,441	($162,259)
Charges for Services	5,000	5,000	2,663	(2,337)
Licenses, Permits and Fees	12,500	12,500	12,160	(340)
Intergovernmental	1,046,640	953,296	1,047,794	94,498
Interest	20,300	20,300	0	(20,300)
Miscellaneous	500	500	39,245	38,745
Total Receipts	6,790,640	6,697,296	6,645,303	(51,993)
Disbursements				
Current:				
Public Safety	6,810,872	7,000,361	6,295,201	705,160
Total Disbursements	6,810,872	7,000,361	6,295,201	705,160
Excess (Deficiency) of Receipts Over (Under) Disbursements	(20,232)	(303,065)	350,102	653,167
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	0	15,363	15,363
Transfers In	0	0	7,772	7,772
Transfers Out	(196,389)	(295,388)	(150,000)	145,388
Advances In	0	0	900	900
Advances Out	0	(5,133)	(5,133)	0
Total Other Financing Receipts (Disbursements)	(196,389)	(300,521)	(131,098)	169,423
Net Change in Fund Balance	(216,621)	(603,586)	219,004	822,590
Fund Balance Beginning of Year	3,428,849	3,428,849	3,428,849	0
Prior Year Encumbrances	57,366	57,366	57,366	0
Fund Balance End of Year	$3,269,594	$2,882,629	$3,705,219	$822,590

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

Sylvania Township
Lucas County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Budget and Actual - Budgetary Basis
Fire Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	$5,946,850	$5,946,850	$5,828,257	($118,593)
Licenses, Permits and Fees	20,439	20,439	16,297	(4,142)
Intergovernmental	1,676,899	1,614,099	1,717,749	103,650
Interest	7,000	7,000	29,523	22,523
Miscellaneous	10,500	10,500	5,105	(5,395)
Total Receipts	7,661,688	7,598,888	7,596,931	(1,957)
Disbursements				
Current:				
Public Safety	7,256,438	7,432,858	6,656,653	776,205
Total Disbursements	7,256,438	7,432,858	6,656,653	776,205
Excess (Deficiency) of Receipts Over (Under) Disbursements	405,250	166,030	940,278	774,248
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	257,780	272,816	15,036
Transfers Out	(778,015)	(778,015)	(778,015)	0
Advances In	0	0	1,500	1,500
Total Other Financing Receipts (Disbursements)	(778,015)	(520,235)	(503,699)	16,536
Net Change in Fund Balance	(372,765)	(354,205)	436,579	790,784
Fund Balance Beginning of Year	2,143,624	2,143,624	2,143,624	0
Prior Year Encumbrances	83,179	83,179	83,179	0
Fund Balance End of Year	$1,854,038	$1,872,598	$2,663,382	$790,784

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

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 Township 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.

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.

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.

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.

NOTE 1 – REPORTING ENTITY (Continued)

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools (Continued)

The Township participates in one joint venture. Note 12 to the financial statements provides information about the Sylvania Senior Citizen Center (Senior Center).

The Township participates in one jointly governed organization. Note 13 to the financial statements provides information about the Sylvania Area Joint Recreation District (SAJRD).

The Township participates in one public entity risk pool. Note 14 to the financial statements provides information about the OME-RESA Health Benefits Insurance Consortium.

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 the Basis of Accounting section of this Note, 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 non-exchange 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. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions form nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

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 divided into three categories, governmental, proprietary and fiduciary.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the Township's major governmental funds:

General Fund:
The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Road and Bridge Fund:
The road and bridge fund accounts for and reports proceeds of property tax revenues to provide for construction, maintenance, and repair of Township roads and bridges in the unincorporated area.

Police Fund:
The police fund accounts for and reports proceeds of property tax revenues to provide police protection to the Township in the unincorporated area.

Fire Fund:
The fire fund accounts for and reports proceeds of property tax revenues and charges for services to provide fire protection to the Township in the incorporated and unincorporated areas.

Permanent Improvement Fund:
The permanent improvement fund accounts for and reports the transfer of monies from the other major funds for the purpose of permanent improvement items such as land or buildings.

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

Proprietary Funds

The Township classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Township has one internal service fund to account and report for a self-insurance program for dental benefits.

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 reimbursements. The accounts are managed via a third party administrator agreement with AFLAC, Inc. and the funds are paid out as billed.

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.

Budgetary Process

All funds, except agency 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 amended 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process (Continued)

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.

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 2011, the Township invested in certificates of deposit, federal agency securities, a money market fund, and STAR Ohio. The certificates of deposit and federal agency securities are reported at cost. The money market fund is recorded at the amount reported by SJS Investment Consulting, Inc. at December 31, 2011. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2011.

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 2011 was $113,626.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

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.

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 another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 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 $6,675 for the general fund and $173,768 for major special revenue funds.

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 able to withdraw 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 two 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;

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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).

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. As of December 31, 2011, the carrying amount of the Township's deposits was $21,987,097 and the bank balance was $22,028,767. At year end, none of the Township's bank balance of $22,028,767 was exposed to custodial credit risk. All deposits were FDIC insured.

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.

Investments

As of December 31, 2011, the Township had the following investments:

Investment	Maturities	Carrying Value
STAR Ohio	N/A	$ 10,017
Federal Agency Securities		
Federal Home Loan Bank Bond	05/30/2013	199,965
Federal National Mortgage Bond	11/25/2013	149,980

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Investment	Maturities	Carrying Value
Federal National Mortgage Bond	12/18/2013	150,968
Federal Farm Credit Bank Bond	02/27/2014	152,150
Federal Home Loan Mortgage Bond	08/27/2014	151,577
Federal Home Loan Mortgage Bond	11/25/2014	175,182
Money Market Fund	N/A	20,178
Total Investments		$1,010,017

Interest Rate Risk – Township policy requires that an investment mature within two 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.

Credit Risk – The federal agency securities carry a rating of AA+ by Standard an Poor's and the money market fund and STAR Ohio carry a rating of AAAm by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements of state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements of state statutes that prohibits payments for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer.

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax receipts received during 2011 for real and public utility property taxes represents collections of the 2010 taxes.

NOTE 5 – PROPERTY TAXES (Continued)

2011 real property taxes are levied after October 1, 2011 on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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 personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien on December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2011 was $19.97 per $1,000 of assessed value. The assessed values of real and personal property upon which 2011 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	$1,045,901,680
Commercial/Industrial	272,231,400
Public Utility Property	
Real	34,780
Personal	19,322,020
Total Assessed Value	$1,337,489,880

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 2011 the Township had obtained commercial insurance for the following risks:

Comprehensive property and general liability
Vehicles
Errors and omissions

NOTE 6 – RISK MANAGEMENT (Continued)

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.

Effective January 1, 2011, the Township became self-insured for dental insurance. The Self-Insurance Fund pays covered claims and administrative fees to a third party administrator and recovers these costs from charges to other funds based on an actuarial method or historical cost information and adjusted over a reasonable period of time so the internal service fund receipts and disbursements are approximately equal.

Because the Township manages a dental insurance benefit program it has a potential liability for incurred but not yet reported claims (IBNR). IBNR claims are claims for insured events that have occurred but not yet been reported to the third party administrator as of December 31, 2011. These claims include known loss events that are expected to later be presented as claims, unknown loss events that are expected to become claims, and expected future developments on claims already reported. A comparison of cash available to pay plan benefits to the actuarially-measured liability as of December 31, 2011 is as follows:

Cash	$18,126
Actuarial liabilities	$ 4,500

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The Traditional Pension Plan (TP) is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan (MD) is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings. The Combined Plan (CO) is a cost-sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Ohio Public Employees Retirement System (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/investments/cafr.shtml, 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 2011, 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 TP Plan. The 2011 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively. The 2011 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records. The Township's required contributions for pension obligations to the TP Plan and CO Plan for the years ended December 31, 2011, 2010, and 2009, were $897,628, $872,985, and $857,928, respectively, which were equal to the required contributions for each year.

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 pension 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 10.0% of their annual covered salary, while employers are required to contribute 24.0% for firefighters. Contributions are established by State statute. For 2011, a portion of the Township's contribution equal to 6.75% of covered payroll was allocated to fund the postemployment healthcare plan. The Township's contributions for pension obligations to the OP&F Fund for firefighters for the years ending December 31, 2011, 2010, and 2009, were $896,746, $900,677, and $865,213, respectively, which were equal to the required contributions for each year.

NOTE 8 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

In order to qualify for postemployment healthcare coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement healthcare coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement healthcare benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local government employers contributed at a rate of 14.0% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

NOTE 8 – POSTEMPLOYMENT BENEFITS (Continued)

Ohio Public Employees Retirement System (Continued)

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment healthcare benefits. The portion of employer contributions allocated to healthcare for members in the Tradition Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to healthcare for members in the Combined Plan was 6.05% during calendar year 2011. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of healthcare benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2011, 2010, and 2009, were $221,359, $275,316, and $357,729, respectively, which were equal to the required contributions each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, 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.

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 postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for 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.

NOTE 8 – POSTEMPLOYMENT BENEFITS (Continued)

Ohio Police and Fire Pension Fund (Continued)

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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.00% of covered payroll for fire employees. The Ohio Revised Code states that the employer contribution may not exceed 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for healthcare in two separate accounts. One for healthcare benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2011, the employer contribution allocated to the healthcare plan was 6.75% 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 Sections 115 and 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.

The Township's contributions for healthcare to the OP&F for firefighters for the years ending December 31, 2011, 2010, and 2009, were $252,210, $253,315, and $221,009, respectively, which were equal to the required contributions for the year.

NOTE 9 – DEBT

The Township's long-term debt activity for the year ended December 31, 2011 was as follows:

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011	Amount Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Senior Center	$ 785,000	$0	$ 50,000	$ 735,000	$ 55,000
Fire Fund	8,500,000	0	320,000	8,180,000	325,000
OPWC Loans:					
OPWC Loan - Central / McCord	240,000	0	60,000	180,000	60,000
OPWC Loan - Corey Road	97,151	0	12,144	85,007	12,144
OPWC Loan - Westchester Woods	244,841	0	30,605	214,236	30,605
OPWC Loan - Mitchaw Road	118,605	0	13,954	104,651	13,954
Totals	$9,985,597	$0	$486,703	$9,498,894	$496,703

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

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, has a zero percent interest rate, and matures January 1, 2015.

During 2008, the Township entered into a 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 No. 176. This agreement is for ten years, has a zero percent interest rate, and matures January 1, 2019.

NOTE 9 – DEBT (Continued)

During 2008, the Township entered into a loan agreement with the Ohio Public Works Commission in the amount of $306,051 for pavement improvement in the Westchester Woods Subdivision. This agreement is for ten years, has a zero percent interest rate, and matures January 1, 2019.

During 2009, the Township entered into a 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, has a zero percent interest rate, and matures July 1, 2019.

During 2010, the Township issued $8,500,000 in Fire Fund general obligation bonds. The bonds were issued to pay off the $7,900,000 short term note plus interest with the remaining balance to be used to complete the construction of fire station No. 1. The bonds were issued for twenty years and mature December 1, 2030, carry a variable interest rate between 2.5% and 4.1%, and are collateralized solely by the Township's taxing authority.

The following is a summary of the Township's future annual debt service requirements including principal and interest as of December 31, 2011:

	General Obligation Bonds		OPWC Loans		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 380,000	$ 310,330	$116,703	$0	$ 496,703	$ 310,330
2013	390,000	302,785	116,703	0	506,703	302,785
2014	400,000	288,962	116,703	0	516,703	288,962
2015	410,000	277,733	56,702	0	466,702	277,733
2016	425,000	266,192	56,702		481,702	266,192
2017-2021	2,325,000	1,131,502	120,381	0	2,445,381	1,131,502
2022-2026	2,400,000	714,278	0	0	2,400,000	714,278
2027-2031	2,185,000	225,953	0	0	2,185,000	225,953
Totals	$8,915,000	$3,517,735	$583,894	$0	$9,498,894	$3,517,735

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 % 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% of its tax valuation. The effects of the debt limitations at December 31, 2011, were an overall debt margin of $140,436,437 and an unvoted debt margin of $73,561,943.

NOTE 9 – DEBT (Continued)

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 – INTERFUND TRANSFERS

During 2011 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Funds	$1,007,772
Other Governmental Funds	128,165
Total Transfers from the General Fund	$1,135,937

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 Road and Bridge Fund, Police Fund, and Fire Fund transferred money into the Capital Equipment Fund in the amount of $200,000, $100,000, and $150,000, respectively, for the purchase of equipment and vehicles. The Police Fund and Fire Fund transferred $50,000 and $25,000, respectively, into the Permanent Improvement Fund for the construction of permanent improvements. The Fire Fund transferred $603,015 to the Bond Retirement Fund to pay debt service payments as they became due.

NOTE 11 – CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township 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 VENTURE

Sylvania Senior Citizens Center (Senior Center) – The Township is a participant with the City of Sylvania in a joint venture to enhance the programs and services available to senior citizen residents in the City and the Township. The City and the Township agreed to jointly pay to construct a community center under the authority of Ohio Revised Code Section 173.11. The original agreement required the Township to bear 60% of the construction costs and the City of Sylvania to bear 40% of the construction costs, resulting in a 60/40 split in equity interest between the two. The community center is managed by Sylvania Community Services Center, Inc. (SCS), and Ohio nonprofit corporation.

In 2002, the Township issued $1,135,000 in general obligation bonds to fund the Township's 60% of the construction costs for the community center (Note 9). Funding for operating costs of the community 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 the 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 ORGANIZATION

The Township in conjunction with the City of Sylvania and the Sylvania City School District formed the Sylvania Area Joint Recreation District (the "SAJRD") under the authority of Ohio Revised Code Section 755.14 (C). The SAJRD Board of Trustees is composed of twelve members, four of whom are appointed by each of the three separate governmental entities identified above. SAJRD has two supporting levies. A .85 mills permanent operating levy was passed in 1988 and replaced in 2000. In addition, a .5 mill, 25 year capital improvement levy was passed in 1994. Millage on this levy has been reduced over time to .3 mills. Taxes are collected by the Lucas County Auditor and remitted to the SAJRD Board of Trustees. SAJRD is fiscally independent of the Township and the SAJRD's financial statements have not been included within the Township's reporting entity.

NOTE 14 – EMPLOYEE MEDICAL AND VISION INSURANCE

Employee medical and vision benefits are provided through the OME-RESA Health Benefits Insurance Consortium. The Township is self-insured for dental benefits (Note 6). 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 and vision benefits for employees of the participating entities and their eligible dependents. The Consortium contracts with third party administrators to process and pay health 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.

NOTE 14 – EMPLOYEE MEDICAL AND VISION INSURANCE (Continued)

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 and vision 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 2011 was as follows:

Fiscal Year	Beginning Balance	Current Year Premiums	Current Year Payments	Ending Balance
2011	($292,099)	$1,967,056	($1,711,539)	($36,582)

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE

For 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 did not have an effect on total prior year fund balances or the reclassification of funds; it only resulted in the change of fund balance classifications.

NOTE 16 – SUBSEQUENT EVENT

Effective January 1, 2013, the Township's employee health benefits will no longer be provided through the OME-RESA Health Benefits Insurance Consortium. The Township will become self-insured for medical, prescription and vision benefits starting January 1, 2013.

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

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

We have audited the 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, 2011, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 5, 2012. 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.

Internal Control Over Financial Reporting

Management of Sylvania Township is responsible for establishing and maintaining effective 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 auditing 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings as finding 2011-01 that we consider to be a material weakness in internal control over financial reporting.

5580 Monroe Street | Sylvania, OH 43560 | p 419 885 8338 | f 419 885 8182 | www.weberobrien.com

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.

We noted certain matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated December 5, 2012.

Sylvania Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

December 5, 2012

Sylvania Township
Lucas County, Ohio
Schedule of Findings
For the Year Ended December 31, 2011

Finding 2011-01

Material Weakness – Financial Statements

The Township's internally prepared cash basis financial statements presented for audit contained errors which required adjustment to the Township's financial statements. These errors included misclassification of restricted net assets on the Statement of Net Assets, budgetary statements which did not agree to the underlying budgetary documents and did not reconcile to the related fund financial statements, misclassification of receipts as program or general, and failure to combine the internal service fund with governmental activities on the Statement of Activities as required by GASB 34. Certain disclosures to the financial statements were also omitted or 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. We also recommend that the Township's financial staff receive adequate training on the proper preparation of cash basis financial statements which follow GASB 34 presentation requirements.

Management's Response:
The financial statements and footnotes will be more closely monitored and reviewed by management. The Township's financial staff will be provided the necessary training in order to prepare the financial statements in accordance with GASB 34 presentation requirements.