



Dave Yost • Auditor of State



**HOWLAND TOWNSHIP  
TRUMBULL COUNTY  
DECEMBER 31, 2017 AND 2016**

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**HOWLAND TOWNSHIP  
TRUMBULL COUNTY  
DECEMBER 31, 2017 AND 2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Howland Township  
Trumbull County  
205 Niles-Cortland Road  
Warren, Ohio 44484

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howland Township, Trumbull County, Ohio (the Township), as of and for the years ended December 31, 2017 and December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Howland Township, Trumbull County, Ohio, as of December 31, 2017 and December 31, 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, Police District, Fire District, and Ambulance and Emergency Medical funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to management's discussion & analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 4, 2018

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

The management's discussion and analysis of Howland Township's (the "Township") financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2017, within the limitations of the Township's cash basis of accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the basic financial statements to enhance their understanding of the Township's financial performance.

#### **Financial Highlights**

Key financial highlights for 2017 are as follows:

- Net cash position of the Township increased \$94,030 or 6.69%.
- General cash receipts accounted for \$6,663,267 or 80.98% of total governmental activities cash receipts and program specific cash receipts accounted for \$1,564,711 or 19.02% of total governmental activities cash receipts.
- The Township had \$8,133,948 in cash disbursements related to governmental activities; \$1,564,711 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$6,663,267 were adequate to provide for these programs.
- The Township's major funds are the General Fund, Road and Bridge Fund, Police District Fund, Fire District Fund and Ambulance and Emergency Medical Fund. The General Fund had cash receipts of \$1,255,191 and cash disbursements and other financing disbursements of \$1,220,926. The General Fund's cash balance increased \$34,265 from 2016 to 2017.
- The Road and Bridge Fund, a Township major fund, had cash receipts of \$1,658,398 and cash disbursements of \$1,475,484. The Road and Bridge Fund cash balance increased \$182,914 from 2016 to 2017.
- The Police District Fund, a Township major fund, had cash receipts of \$1,871,927 and cash disbursements of \$1,905,687. The Police District Fund cash balance decreased \$33,760 from 2016 to 2017.
- The Fire District Fund, a Township major fund, had cash receipts of \$2,250,917 and cash disbursements of \$2,335,777. The Fire District Fund cash balance decreased \$84,680 from 2016 to 2017.
- The Ambulance and Emergency Medical Fund, a Township major fund, had cash receipts of \$562,039 and cash disbursements of \$560,385. The Ambulance and Emergency Medical Fund cash balance increased \$1,654 from 2016 to 2017.

#### **Using this Cash Basis Basic Financial Statements (BFS)**

This cash basis annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's cash basis of accounting. The statement of net position – cash basis and statement of activities – cash basis provide information about the activities of the whole Township, presenting an aggregate view of the Township's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Township's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Township, there are five major governmental funds.

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

#### **Reporting the Township as a Whole**

##### ***Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis***

The statement of net position – cash basis and the statement of activities – cash basis answers the question, “How did we do financially during 2017?” These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year’s receipts and disbursements if the cash is actually received or paid.

These two statements report the Township’s net cash position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for the Township as a whole, the cash basis financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Township’s property tax base, current property tax laws in Ohio, availability of federal and state funding, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position – cash basis and the statement of activities – cash basis, the governmental activities include the Township’s programs and services, including police and fire protection, road and bridge maintenance and repair, and ambulance services. The statement of net position – cash basis and the statement of activities – cash basis can be found on pages 13-14 of this report.

#### **Reporting the Township’s Most Significant Funds**

##### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial reports provide detailed information about the Township’s major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township’s most significant funds. The Township’s major governmental funds are the General Fund, Road and Bridge Fund, Police District Fund, the Fire District Fund, and the Ambulance and Emergency Medical Fund. The analysis of the Township’s major governmental funds begins on page 8.



## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

#### ***Governmental Funds***

All of the Township's non-fiduciary activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Township programs. Since the Township is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities – cash basis due to transfers between governmental funds being eliminated for reporting in the statement of activities – cash basis. The governmental fund statements can be found on pages 16-19 of this report.

The Township's budgetary process accounts for transactions on the budgetary basis of accounting. The difference between the budgetary basis of accounting and the cash basis of accounting is that encumbrances at year-end are recorded as a disbursement on the budgetary basis of accounting whereas on the cash basis, the disbursement is only recorded when cash is paid. The budgetary statements for the General Fund, Road and Bridge Fund, Police District Fund, Fire District Fund, and Ambulance and Emergency Medical Fund are presented to demonstrate the Township's compliance with annually adopted budgets. The budgetary statements can be found on pages 20-24 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. An agency fund is the Township's only fiduciary fund type. The fiduciary fund financial statement can be found on page 25 of this report.

#### ***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-46 of this report.

#### **Government-Wide Financial Analysis**

Recall that the statement of net position – cash basis provides the perspective of the Township as a whole. The table below provides a summary of the Township's net cash position for 2017 and 2016.

	Net Cash Position	
	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 1,500,584	\$ 1,406,554
Total assets	<u>1,500,584</u>	<u>1,406,554</u>
<u>Net Cash Position</u>		
Restricted	1,093,378	1,033,614
Unrestricted	<u>407,206</u>	<u>372,940</u>
Total net cash position	<u>\$ 1,500,584</u>	<u>\$ 1,406,554</u>

**HOWLAND TOWNSHIP, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

For fiscal year 2017, net cash position of the Township increased \$94,030 or 6.69%. Restricted net cash position represents amounts that are subject to external restrictions as to use. The balance of government-wide unrestricted net cash position of \$407,206 at December 31, 2017 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for 2016 and 2017.

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 1,043,654	\$ 1,282,800
Operating grants and contributions	240,412	226,717
Capital grants and contributions	<u>280,645</u>	<u>459,386</u>
Total program cash receipts	<u>1,564,711</u>	<u>1,968,903</u>
General cash receipts:		
Property and other taxes	5,169,142	4,558,111
Unrestricted grants	1,321,755	1,466,718
Tax anticipation note proceeds	-	112,162
Investment earnings	8,494	5,286
Other	<u>163,876</u>	<u>103,902</u>
Total general cash receipts	<u>6,663,267</u>	<u>6,246,179</u>
Total cash receipts	<u>8,227,978</u>	<u>8,215,082</u>
<b>Cash Disbursements:</b>		
General government	968,471	1,085,311
Public safety	4,845,059	4,739,335
Public works	1,646,705	1,267,158
Health	89,554	217,498
Human services	10,748	7,611
Miscellaneous	105,473	165,044
Capital outlay	400,804	715,143
Debt service		
Principal retirement	62,606	61,818
Interest and fiscal charges	<u>4,528</u>	<u>5,315</u>
Total cash disbursements	<u>8,133,948</u>	<u>8,264,233</u>
Change in net cash position	94,030	(49,151)
Net cash position at beginning of year	<u>1,406,554</u>	<u>1,455,705</u>
Net cash position at end of year	<u>\$ 1,500,584</u>	<u>\$ 1,406,554</u>

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

#### Governmental Activities

Governmental activities net cash position increased \$94,030 in 2017. Program cash receipts decreased due in large part to a decline in FEMA grants and zoning fees. The Township also received additional ODOT grant funding in 2016 which was used for road improvements. The decrease in program cash receipts was offset by an increase in general cash receipts, which is primarily the result of an increase in collections on a new 1.5 mill property tax levy.

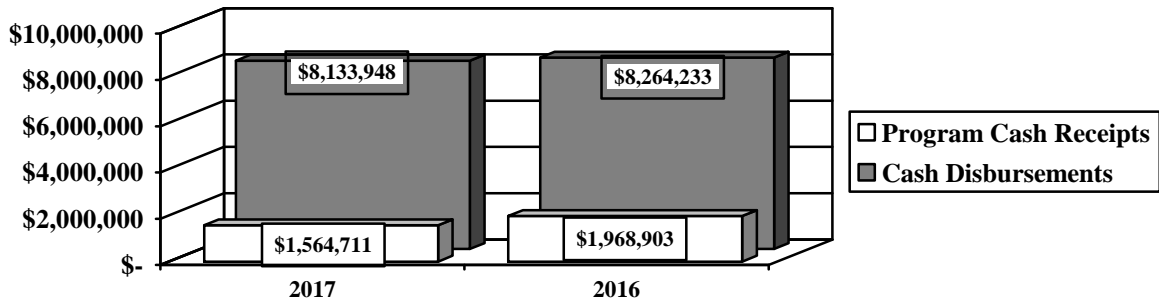
General government represents activities related to the governing body as well as activities that directly support Township programs. In 2017, general government cash disbursements totaled \$968,471 or 11.91% of total governmental cash disbursements. General government programs were supported by \$382,369 in direct charges to users for services and \$1,412 in operating grants and contributions.

Public safety programs for the Township consist primarily of police district and fire district operations, and ambulance and emergency services operations. In 2017, public safety programs accounted for \$4,845,059 or 59.57% of total governmental cash disbursements. Public safety programs were supported by \$625,004 in direct charges and \$24,700 in operating grants and contributions.

Public works disbursements comprised another \$1,646,705 or 20.24% of total governmental cash disbursements in 2017. Public works programs are mostly related to the repair and maintenance of roads within the Township.

The statement of activities – cash basis shows the cost of program services and the charges for services and grants offsetting those services. As illustrated in the graph below, the Township is reliant upon general cash receipts to finance operations as program cash receipts are not sufficient to cover total cash disbursements. The table on the following page shows, for governmental activities, the total cost of services and the net cost of services for 2017 and 2016. That is, it identifies the cost of these services supported by tax receipts and unrestricted grants and entitlements.

**Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements**



**HOWLAND TOWNSHIP, OHIO**

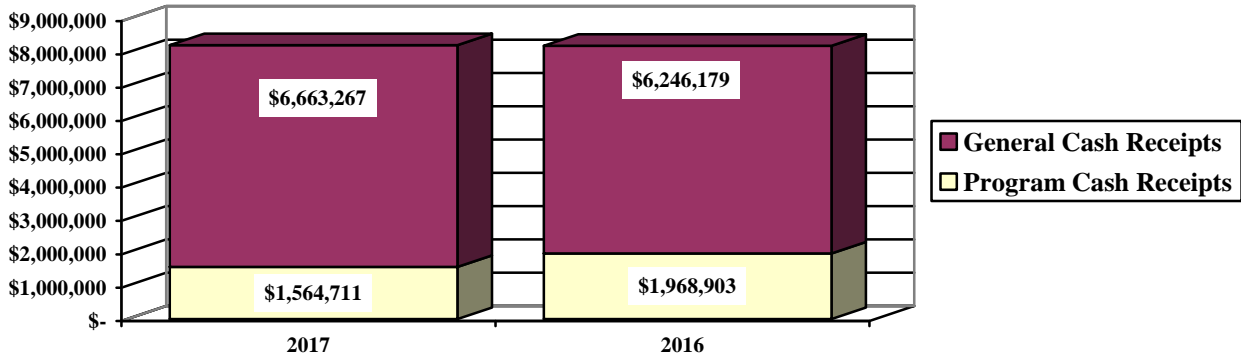
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Governmental Activities**

	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Cash disbursements:				
Current:				
General government	\$ 968,471	\$ 584,690	\$ 1,085,311	\$ 615,872
Public safety	4,845,059	4,195,355	4,739,335	4,053,545
Public works	1,646,705	1,444,506	1,267,158	1,153,118
Health	89,554	48,637	217,498	64,706
Human services	10,748	10,748	7,611	7,611
Miscellaneous	105,473	105,473	165,044	165,044
Capital outlay	400,804	112,694	715,143	168,301
Debt service:				
Principal retirement	62,606	62,606	61,818	61,818
Interest and fiscal charges	4,528	4,528	5,315	5,315
<b>Total</b>	<b>\$ 8,133,948</b>	<b>\$ 6,569,237</b>	<b>\$ 8,264,233</b>	<b>\$ 6,295,330</b>

The dependence upon general cash receipts for governmental activities is apparent, with 80.76% of cash disbursements supported through taxes and other general cash receipts during 2017.

**Governmental Activities - General and Program Cash Receipts**



**Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The Township's governmental funds are accounted for using the cash basis of accounting.

At December 31, 2017, the Township's governmental funds reported a combined fund cash balance of \$1,500,584, which is \$94,030 higher than last year's total of \$1,406,554. The following schedule indicates the fund cash balance and the total change in fund cash balance as of December 31, 2017, for all major and nonmajor governmental funds.

**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Fund Cash Balance</u> <u>December 31, 2017</u>	<u>Fund Cash Balance</u> <u>December 31, 2016</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 405,286	\$ 371,021	\$ 34,265
Road and Bridge	209,553	26,639	182,914
Police District	96,691	130,451	(33,760)
Fire District	405,640	490,500	(84,860)
Ambulance and Emergency Medical	154,291	152,637	1,654
Other Nonmajor Governmental Funds	<u>229,123</u>	<u>235,306</u>	<u>(6,183)</u>
Total	<u>\$ 1,500,584</u>	<u>\$ 1,406,554</u>	<u>\$ 94,030</u>

***General Fund***

The General Fund had cash receipts \$1,255,191 and cash disbursements and other financing disbursements of \$1,220,926. The General Fund's cash balance increased \$34,265 from 2016 to 2017.

The table that follows assists in illustrating the cash receipts of the General Fund.

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 495,088	\$ 483,057	2.49 %
Intergovernmental	315,313	372,698	(15.40) %
Special assessments	3,264	7,605	(57.08) %
License, permits and fees	370,788	452,453	(18.05) %
Fines and forfeitures	4,693	8,935	(47.48) %
Investment income	8,177	4,818	69.72 %
Other	<u>57,868</u>	<u>35,831</u>	61.50 %
Total	<u>\$ 1,255,191</u>	<u>\$ 1,365,397</u>	(8.07) %

The main sources of receipts for the general fund are taxes, intergovernmental, and licenses, permits and fees. Taxes increased slightly, mostly due to an increase in sales tax receipts. The decrease in intergovernmental receipts is a result of several factors, including a decline in estate taxes and other reimbursements from the State. License, permits and fees decreased primarily due to a decline in zoning fees in 2017.

**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

The table that follows assists in illustrating the cash disbursements of the General Fund.

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Disbursements</u></b>			
General government	\$ 896,593	\$ 1,007,147	(10.98) %
Public safety	31,627	44,080	(28.25) %
Public works	116	53,080	(99.78) %
Health	73,227	64,356	13.78 %
Human services	10,748	7,611	41.22 %
Miscellaneous	67,670	123,459	(45.19) %
Capital outlay	86,395	125,582	(31.20) %
Debt service:			
Principal retirement	36,321	35,362	2.71 %
Interest and fiscal charges	<u>2,229</u>	<u>3,188</u>	(30.08) %
Total	<u>\$ 1,204,926</u>	<u>\$ 1,463,865</u>	(17.69) %

As illustrated in the table above, total general fund cash disbursements decreased considerably, especially for the general government, public works, and capital outlay functions. General contracted services decreased in 2017 leading to a decrease in general government disbursements. The decrease in public works resulted from a decline in contractual services related to the road and highway paving program. Capital outlay disbursements fell after being higher in 2016 due to police equipment purchases and building maintenance and repairs.

***Road and Bridge Fund***

In 2017 the Road and Bridge Fund had cash receipts of \$1,658,398 and cash disbursements of \$1,475,484, both of which represent sizeable increases compared to 2016. The Township was able to pass an additional 1.5 mil tax levy in 2016 for road repairs and maintenance which is accounted for in this fund. The Road and Bridge Fund cash balance increased \$182,914 from 2016 to 2017.

***Police District Fund***

In 2017 the Police District Fund had cash receipts of \$1,871,927 and cash disbursements of \$1,905,687, both of which are comparable to the prior year. The Police District Fund cash balance decreased \$33,760 from 2016 to 2017.

***Fire District Fund***

In 2017 the Fire District Fund had cash receipts of \$2,250,917 and cash disbursements of \$2,335,777, both of which are comparable to the prior year. The Fire District Fund cash balance decreased \$84,860 from 2016 to 2017.

***Ambulance and Emergency Medical Fund***

In 2017 the Ambulance and Emergency Medical Fund had cash receipts of \$562,039 and cash disbursements of \$560,385, both of which are comparable to the prior year. The Ambulance and Emergency Medical Fund cash balance increased \$1,654 from 2016 to 2017.

***Budgeting Highlights - General Fund***

The Township's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

**HOWLAND TOWNSHIP, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

For 2017, original budgeted resources of \$1,103,989 were increased to \$1,253,989 in the final budget. Actual cash receipts of \$1,255,191 were higher than final budget estimates by \$1,202. The original budgetary basis disbursements of \$1,474,528 were increased to \$1,608,528 in the final budget. The actual budgetary basis disbursements and other financing uses of \$1,224,501 were \$384,027 less than the final budget estimate.

**Capital Assets and Debt Administration**

*Capital Assets*

The Township does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Township had capital outlay disbursements of \$400,804 during 2017.

*Debt Administration*

The Township had the following debt outstanding at December 31, 2017:

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
OPWC loans	\$ 200,404	\$ 78,335
Tax anticipation notes	<u>124,956</u>	<u>182,954</u>
Total long-term obligations	<u>\$ 325,360</u>	<u>\$ 261,289</u>

Additions to long-term debt in 2017 included an OPWC loan of \$126,677 for a road resurfacing project. Debt retirement in 2017 amounted to \$62,606. See Note 5 in the notes to the basic financial statements for more information on the Township's debt.

**Current Financial Related Activities**

Howland Township has felt a loss of tax revenue due to the loss of manufacturing plants. With the loss of plants come the loss of jobs and the rise of delinquent taxes. The county auditor's estimated revenue and actual receipts are down due to delinquent taxes. Also, with the reduction in Tangible Personal Property Tax and Undivided Local Government, the loss of revenue is ongoing. Another loss is the inheritance tax that is always unexpected income and allows the Township to provide paving projects, equipment, etc.

The future of the Township will be based on the current Delphi bankruptcy which employs 600 people and generates a large part of the tax revenue for the Township. The Township, along with the employees are always looking for ways to save money through health insurance costs, group programs, and finding grants.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a General overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert Costello, Fiscal Officer, Howland Township, 205 Niles-Cortland Rd. NE, Warren, Ohio 44484.

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HOWLAND TOWNSHIP, OHIO

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2017

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 1,500,584
Total assets . . . . .	<u>1,500,584</u>
<b>Net cash position:</b>	
Restricted for:	
Public safety . . . . .	711,823
Public works . . . . .	209,553
Health and human services . . . . .	37,064
Street maintenance and construction . . . . .	107,353
Capital projects . . . . .	27,585
Unrestricted . . . . .	<u>407,206</u>
Total net cash position . . . . .	<u>\$ 1,500,584</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Current:					
General government . . . . .	\$ 968,471	\$ 382,369	\$ 1,412	\$ -	\$ (584,690)
Public safety . . . . .	4,845,059	625,004	24,700	-	(4,195,355)
Public works . . . . .	1,646,705	3,264	198,935	-	(1,444,506)
Health . . . . .	89,554	31,161	9,756	-	(48,637)
Human services . . . . .	10,748	-	-	-	(10,748)
Miscellaneous . . . . .	105,473	-	-	-	(105,473)
Capital outlay . . . . .	400,804	1,856	5,609	280,645	(112,694)
Debt service:					
Principal retirement . . . . .	62,606	-	-	-	(62,606)
Interest and fiscal charges . . . . .	4,528	-	-	-	(4,528)
<b>Total governmental activities . . . . .</b>	<b>\$ 8,133,948</b>	<b>\$ 1,043,654</b>	<b>\$ 240,412</b>	<b>\$ 280,645</b>	<b>(6,569,237)</b>

**General cash receipts:**

Property and other taxes levied for:

General purposes . . . . .	495,088
Road and bridge improvements . . . . .	1,423,423
Public safety - police district . . . . .	1,454,227
Public safety - fire district . . . . .	1,796,404
Grants and entitlements not restricted to specific programs . . . . .	1,321,755
Investment receipts . . . . .	8,494
Miscellaneous . . . . .	163,876
<b>Total general cash receipts . . . . .</b>	<b>6,663,267</b>
Change in net cash position . . . . .	94,030
<b>Net cash position at beginning of year . . . . .</b>	<b>1,406,554</b>
<b>Net cash position at end of year . . . . .</b>	<b>\$ 1,500,584</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . .	\$ 405,286	\$ 209,553	\$ 96,691	\$ 405,640
Total assets . . . . .	<u>\$ 405,286</u>	<u>\$ 209,553</u>	<u>\$ 96,691</u>	<u>\$ 405,640</u>
<b>Fund cash balances:</b>				
Restricted:				
Public safety . . . . .	\$ -	\$ -	\$ 96,691	\$ 405,640
Public works . . . . .	-	209,553	-	-
Health and human services . . . . .	-	-	-	-
Street maintenance and construction . . . . .	-	-	-	-
Capital projects . . . . .	-	-	-	-
Committed:				
Health and human services . . . . .	-	-	-	-
Assigned:				
General government . . . . .	3,575	-	-	-
Subsequent year appropriations . . . . .	401,711	-	-	-
Total fund cash balances . . . . .	<u>\$ 405,286</u>	<u>\$ 209,553</u>	<u>\$ 96,691</u>	<u>\$ 405,640</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Ambulance and Emergency Medical</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 154,291	\$ 229,123	\$ 1,500,584
<u>\$ 154,291</u>	<u>\$ 229,123</u>	<u>\$ 1,500,584</u>
\$ 154,291	\$ 55,201	\$ 711,823
-	-	209,553
-	37,064	37,064
-	107,353	107,353
-	27,585	27,585
-	1,920	1,920
-	-	3,575
-	-	401,711
<u>\$ 154,291</u>	<u>\$ 229,123</u>	<u>\$ 1,500,584</u>

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>
<b>Cash receipts:</b>				
Taxes . . . . .	\$ 495,088	\$ 1,423,423	\$ 1,454,227	\$ 1,796,404
Intergovernmental . . . . .	315,313	226,062	351,499	431,015
Special assessments . . . . .	3,264	-	-	-
Charges for services . . . . .	-	-	-	-
License, permits and fees . . . . .	370,788	-	-	-
Fines, forfeitures and penalties . . . . .	4,693	-	225	-
Interest . . . . .	8,177	-	-	-
Contributions and donations . . . . .	500	-	-	275
Miscellaneous . . . . .	57,368	8,913	65,976	23,223
Total cash receipts . . . . .	<u>1,255,191</u>	<u>1,658,398</u>	<u>1,871,927</u>	<u>2,250,917</u>
<b>Cash disbursements:</b>				
Current:				
General government . . . . .	896,593	-	27,323	33,751
Public safety . . . . .	31,627	8,781	1,878,364	2,257,828
Public works . . . . .	116	1,460,832	-	-
Health . . . . .	73,227	-	-	-
Human services . . . . .	10,748	-	-	-
Miscellaneous . . . . .	67,670	-	-	-
Capital outlay . . . . .	86,395	5,871	-	44,198
Debt service:				
Principal retirement . . . . .	36,321	-	-	-
Interest and fiscal charges . . . . .	2,229	-	-	-
Total cash disbursements . . . . .	<u>1,204,926</u>	<u>1,475,484</u>	<u>1,905,687</u>	<u>2,335,777</u>
Excess (deficiency) of cash receipts over (under) cash disbursements . . . . .	<u>50,265</u>	<u>182,914</u>	<u>(33,760)</u>	<u>(84,860)</u>
<b>Other financing receipts (disbursements):</b>				
Transfers in . . . . .	-	-	-	-
Transfers (out) . . . . .	<u>(16,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing receipts (disbursements). . . . .	<u>(16,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund cash balances . . . . .	34,265	182,914	(33,760)	(84,860)
<b>Fund cash balances</b>				
at beginning of year . . . . .	371,021	26,639	130,451	490,500
<b>Fund cash balances at end of year . . . . .</b>	<u><u>\$ 405,286</u></u>	<u><u>\$ 209,553</u></u>	<u><u>\$ 96,691</u></u>	<u><u>\$ 405,640</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Ambulance and Emergency Medical</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 5,169,142
7,825	510,823	1,842,537
-	-	3,264
554,214	78,455	632,669
-	32,015	402,803
-	-	4,918
-	317	8,494
-	-	775
-	7,896	163,376
<u>562,039</u>	<u>629,506</u>	<u>8,227,978</u>
-	10,804	968,471
555,329	113,130	4,845,059
-	185,757	1,646,705
-	16,327	89,554
-	-	10,748
-	37,803	105,473
5,056	259,284	400,804
-	26,285	62,606
-	2,299	4,528
<u>560,385</u>	<u>651,689</u>	<u>8,133,948</u>
<u>1,654</u>	<u>(22,183)</u>	<u>94,030</u>
-	16,000	16,000
-	-	(16,000)
-	16,000	-
<u>1,654</u>	<u>(6,183)</u>	<u>94,030</u>
<u>152,637</u>	<u>235,306</u>	<u>1,406,554</u>
<u>\$ 154,291</u>	<u>\$ 229,123</u>	<u>\$ 1,500,584</u>

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 426,936	\$ 484,944	\$ 495,088	\$ 10,144
Intergovernmental . . . . .	267,676	304,045	315,313	11,268
Special assessments . . . . .	-	-	3,264	3,264
License, permits and fees . . . . .	365,358	415,000	370,788	(44,212)
Fines, forfeitures and penalties . . . . .	4,402	5,000	4,693	(307)
Interest . . . . .	-	-	8,177	8,177
Contributions and donations . . . . .	-	-	500	500
Miscellaneous . . . . .	39,617	45,000	57,368	12,368
Total budgetary basis receipts . . . . .	<u>1,103,989</u>	<u>1,253,989</u>	<u>1,255,191</u>	<u>1,202</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	1,014,122	1,030,815	900,168	130,647
Public safety . . . . .	61,624	69,344	31,627	37,717
Public works . . . . .	4,211	4,211	116	4,095
Health . . . . .	71,239	80,596	73,227	7,369
Human services . . . . .	15,000	15,000	10,748	4,252
Miscellaneous . . . . .	63,625	69,375	67,670	1,705
Capital outlay . . . . .	123,250	123,305	86,395	36,910
Debt service:				
Principal retirement . . . . .	36,321	36,321	36,321	-
Interest and fiscal charges . . . . .	2,229	2,229	2,229	-
Total budgetary basis disbursements . . . . .	<u>1,391,621</u>	<u>1,431,196</u>	<u>1,208,501</u>	<u>222,695</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>(287,632)</u>	<u>(177,207)</u>	<u>46,690</u>	<u>223,897</u>
<b>Other financing (uses):</b>				
Transfers (out) . . . . .	(82,907)	(177,332)	(16,000)	161,332
Total other financing (uses) . . . . .	<u>(82,907)</u>	<u>(177,332)</u>	<u>(16,000)</u>	<u>161,332</u>
Net change in fund cash balance . . . . .	(370,539)	(354,539)	30,690	385,229
<b>Fund cash balance at beginning of year . . . . .</b>	362,374	362,374	362,374	-
<b>Prior year encumbrances appropriated . . . . .</b>	8,647	8,647	8,647	-
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 482</u>	<u>\$ 16,482</u>	<u>\$ 401,711</u>	<u>\$ 385,229</u>



**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 1,379,366	\$ 1,379,366	\$ 1,423,423	\$ 44,057
Intergovernmental . . . . .	277,213	277,213	226,062	(51,151)
Miscellaneous . . . . .	-	-	8,913	8,913
Total budgetary basis receipts . . . . .	<u>1,656,579</u>	<u>1,656,579</u>	<u>1,658,398</u>	<u>1,819</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Public safety . . . . .	20,000	20,000	8,781	11,219
Public works . . . . .	1,638,218	1,650,818	1,592,069	58,749
Capital outlay . . . . .	25,000	12,400	5,871	6,529
Total budgetary basis disbursements. . . . .	<u>1,683,218</u>	<u>1,683,218</u>	<u>1,606,721</u>	<u>76,497</u>
Net change in fund cash balance . . . . .	(26,639)	(26,639)	51,677	78,316
<b>Fund cash balance at beginning of year . . . .</b>	25,069	25,069	25,069	-
<b>Prior year encumbrances appropriated . . . .</b>	<u>1,570</u>	<u>1,570</u>	<u>1,570</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,316</u>	<u>\$ 78,316</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
POLICE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 1,464,868	\$ 1,464,868	\$ 1,454,227	\$ (10,641)
Intergovernmental . . . . .	346,870	346,870	351,499	4,629
Fines, forfeitures and penalties . . . . .	-	-	225	225
Miscellaneous . . . . .	30,000	30,000	65,976	35,976
Total budgetary basis receipts . . . . .	<u>1,841,738</u>	<u>1,841,738</u>	<u>1,871,927</u>	<u>30,189</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	32,000	32,000	27,323	4,677
Public safety . . . . .	1,927,614	1,932,614	1,878,644	53,970
Capital outlay . . . . .	<u>12,575</u>	<u>7,575</u>	-	<u>7,575</u>
Total budgetary basis disbursements . . . . .	<u>1,972,189</u>	<u>1,972,189</u>	<u>1,905,967</u>	<u>66,222</u>
Net change in fund cash balance . . . . .	(130,451)	(130,451)	(34,040)	96,411
<b>Fund cash balance at beginning of year . . . . .</b>	128,206	128,206	128,206	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>2,245</u>	<u>2,245</u>	<u>2,245</u>	<u>-</u>
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,411</u>	<u>\$ 96,411</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 1,809,543	\$ 1,809,543	\$ 1,796,404	\$ (13,139)
Intergovernmental . . . . .	426,814	426,814	431,015	4,201
Contributions and donations . . . . .	-	-	275	275
Miscellaneous. . . . .	3,000	3,000	23,223	20,223
Total budgetary basis receipts . . . . .	<u>2,239,357</u>	<u>2,239,357</u>	<u>2,250,917</u>	<u>11,560</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	41,000	41,000	33,751	7,249
Public safety . . . . .	2,549,699	2,419,699	2,257,828	161,871
Capital outlay. . . . .	<u>136,725</u>	<u>266,725</u>	<u>54,198</u>	<u>212,527</u>
Total budgetary basis disbursements. . . . .	<u>2,727,424</u>	<u>2,727,424</u>	<u>2,345,777</u>	<u>381,647</u>
Net change in fund cash balance . . . . .	(488,067)	(488,067)	(94,860)	393,207
<b>Fund cash balance at beginning of year . . . .</b>	479,532	479,532	479,532	-
<b>Prior year encumbrances appropriated . . . .</b>	<u>10,968</u>	<u>10,968</u>	<u>10,968</u>	<u>-</u>
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 2,433</u>	<u>\$ 2,433</u>	<u>\$ 395,640</u>	<u>\$ 393,207</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
 BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 AMBULANCE AND EMERGENCY MEDICAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Intergovernmental . . . . .	\$ -	\$ -	\$ 7,825	7,825
Charges for services . . . . .	550,000	550,000	554,214	4,214
Total budgetary basis receipts . . . . .	<u>550,000</u>	<u>550,000</u>	<u>562,039</u>	<u>12,039</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Public safety . . . . .	672,637	672,637	561,229	111,408
Capital outlay. . . . .	30,000	30,000	15,356	14,644
Total budgetary basis disbursements . . . . .	<u>702,637</u>	<u>702,637</u>	<u>576,585</u>	<u>126,052</u>
Net change in fund cash balance . . . . .	(152,637)	(152,637)	(14,546)	138,091
<b>Fund cash balance at beginning of year . .</b>	<u>152,637</u>	<u>152,637</u>	<u>152,637</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,091</u>	<u>\$ 138,091</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2017

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . .	\$ 14,621
Total assets . . . . .	<u>\$ 14,621</u>
<b>Liabilities:</b>	
Deposits held and due to others . . . . .	\$ 14,621
Total liabilities . . . . .	<u>\$ 14,621</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### NOTE 1 - DESCRIPTION OF THE TOWNSHIP

Howland Township, Trumbull County, Ohio (the “Township”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees.

The Township provides the following services: police and fire protection, road and bridge maintenance, cemetery maintenance and emergency medical services as well as general governmental services.

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

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.D., 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). GAAP includes 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 cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Township’s accounting policies:

##### A. Reporting Entity

For financial reporting purposes, the Township’s Basic Financial Statements (BFS) include all funds, agencies, boards, commissions, and departments for which the Township is financially accountable. Financial accountability, as defined by the GASB, exists if the Township appoints a voting majority of an organization’s Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Township. The Township may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the Township. The Township also took into consideration other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the Township’s basic financial statements to be misleading or incomplete. The Township has no component units.

The following organization is described due to their significant relationship to the Township:

##### Ohio Township Association Risk Management Authority

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members’ deductible. This organization is discussed in Note 8.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Basis of Presentation**

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balance 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.

**C. 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. The Township has no proprietary funds.

**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 major governmental funds:

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

Road and Bridge - This fund accounts for tax and grant receipts and their use as they pertain to the Township's roads.



**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Police District - This fund accounts for revenues collected for police operations.

Fire District - This fund accounts for revenues collected for fire operations.

Ambulance and Emergency Medical - This fund accounts for revenues, primarily charges for service, for ambulance and emergency medical services.

Other governmental funds of the Township are used to account for charges for services and disbursements for grants and other resources and capital projects whose use is restricted to a particular purpose.

**Fiduciary Funds** - Fiduciary funds include pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are 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 does not have any trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The agency fund accounts for insurance proceeds held for fire damage claims.

**D. 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 expenses and liabilities) are not recorded in these financial statements.

**E. 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 estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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.

#### **F. Cash and Cash Equivalents**

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 of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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 (contra revenue), respectively.

During 2017, the Township invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Township measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2017 were \$8,177 which includes \$5,909 assigned from other Township funds.

#### **G. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not have any restricted assets at December 31, 2017.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. 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.

**I. Capital Assets**

The acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**J. 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.

**K. 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 6 and 7, the employer contributions include portions for pension benefits and for postemployment health care benefits.

**L. Long-term Obligations**

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

**M. Net Position**

Net position is 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.

The Township first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

**N. 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 classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Trustees (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes 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 nor 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 policies of the Board of Trustees, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Township applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**O. Interfund Activity**

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

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2017.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Township into three categories.

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

Inactive deposits are public deposits that the Township has 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Township by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At December 31, 2017, the carrying amount of all Township deposits was \$1,357,207. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2017, \$1,163,955 of the Township’s bank balance of \$1,520,648 was exposed to custodial risk as discussed below, while \$356,693 was covered by the FDIC.

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. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Township to a successful claim by the FDIC. The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (a) eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for payment whose market value at all times shall be at least 105 percent of the deposits being secured; or (b) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**B. Investments**

As of December 31, 2017, the Township had the following investments:

<u>Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturity</u>	<u>% of Total</u>
		6 months or less	
STAR Ohio	<u>\$ 157,998</u>	<u>\$ 157,998</u>	100.00

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Township’s investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor’s has assigned STAR Ohio an AAAM money market rating.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The Township places no limit on the amount that may be invested in any one issuer.

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of financial position as of December 31, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,357,207
Investments	<u>157,998</u>
Total	<u>\$ 1,515,205</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 1,500,584
Agency fund	<u>14,621</u>
Total	<u>\$ 1,515,205</u>

**NOTE 4 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the Township. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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.

The full tax rate for all Township operations for the year ended December 31, 2017 was \$14.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 4 - PROPERTY TAXES (Continued)**

	<u>2017</u>
<u>Real Property</u>	
Residential/agricultural	\$ 305,258,720
Other	81,302,910
<u>Public Utility</u>	
Real	248,320
Personal	<u>9,674,450</u>
Total assessed valuation	<u>\$ 396,484,400</u>

**NOTE 5 - DEBT OBLIGATIONS**

Transactions for the year ended December 31, 2017 are summarized as follows:

<u>Governmental activities:</u>	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u>	<u>Due in</u>
					<u>One Year</u>
<u>OPWC loans:</u>					
Culvert replacment	\$ 78,335	\$ -	\$ (4,608)	73,727	\$ 4,608
Road resurfacing	<u>-</u>	<u>126,677</u>	<u>-</u>	<u>126,677</u>	<u>-</u>
Total OPWC loans	<u>78,335</u>	<u>126,677</u>	<u>(4,608)</u>	<u>200,404</u>	<u>4,608</u>
<u>Tax anticipation notes:</u>					
Ambulances	92,640	-	(36,321)	56,319	37,297
Ice removal truck	<u>90,314</u>	<u>-</u>	<u>(21,677)</u>	<u>68,637</u>	<u>22,267</u>
Total tax anticipation notes	<u>182,954</u>	<u>-</u>	<u>(57,998)</u>	<u>124,956</u>	<u>59,564</u>
Total governmental activities	<u>\$ 261,289</u>	<u>\$ 126,677</u>	<u>\$ (62,606)</u>	<u>\$ 325,360</u>	<u>\$ 64,172</u>

The Township has entered into two debt financing arrangements with the Ohio Public Works Commission (OPWC) to fund culvert replacement and road resurfacing projects. The culvert replacement loan was issued in 2013 and is a 20 year, interest free loan. Principal payments were paid from the culvert replacement capital projects fund in 2017. The road resurfacing loan was authorized in an amount up to \$404,619, with the Township drawing down \$126,677 in 2017. An amortization schedule is not available for this loan since the project is not yet complete. The loan is interest-free and will be repaid over a period of 20 to 30 years.

The Township has issued tax anticipation notes to finances the purchase of two ambulances and an ice removal truck. The ambulance tax anticipation notes were issued on March 31, 2014 and July 30, 2014 and carry interest rates of 2.8% and 2.5%, respectively. The notes are repaid over a 5 year period from the general fund's yearly lodging tax receipts. The ice removal truck tax anticipation note was issued on January 7, 2016 and carries an interest rate of 2.67%. The note will be repaid over a 5 year period from the gas tax fund.



**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 5 - DEBT OBLIGATIONS (Continued)**

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2017, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Loans</u> <u>Interest</u>	<u>Total</u>
2018	\$ 64,172	\$ 2,962	\$ 67,134
2019	46,504	1,354	47,858
2020	28,104	479	28,583
2021	4,608	-	4,608
2022	4,608	-	4,608
2023 - 2027	23,039	-	23,039
2028 - 2032	23,040	-	23,040
2033 - 2033	<u>4,608</u>	<u>-</u>	<u>4,608</u>
 Total	 <u>\$ 198,683</u>	 <u>\$ 4,795</u>	 <u>\$ 203,478</u>

Under the cash basis of accounting, debt obligations at year end are not reported on the financial statements.

**NOTE 6 - DEFINED BENEFIT PENSION PLANS**

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description - Township employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)**

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)**

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
<b>2017 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2017 Actual Contribution Rates</b>			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0 %	1.0 %	1.0 %
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$353,003 for 2017.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

##### *Plan Description – Ohio Police & Fire Pension Fund (OP&F)*

Plan Description - Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)**

	<u>Police</u>	<u>Firefighters</u>
<b>2017 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2017 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OP&F was \$344,232 for 2017.

**NOTE 7 - POSTEMPLOYMENT BENEFIT PLANS**

***Ohio Public Employees Retirement System***

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. 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.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### **NOTE 7 - POSTEMPLOYMENT BENEFIT PLANS (Continued)**

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Township's contributions allocated to postemployment health care for the years ended December 31, 2017, 2016, and 2015 were \$27,153, \$50,063 and \$45,649, respectively.

#### ***Ohio Police and Fire Pension Fund***

Plan Description - The Township contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care 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 post-employment health care coverage to 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 health care 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 health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at [www.op-f.org](http://www.op-f.org).

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, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 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.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 7 - POSTEMPLOYMENT BENEFIT PLANS (Continued)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2017 thru December 31, 2017. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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 to OP&F which were allocated to fund post-employment healthcare benefits for firefighters was \$7,324 for the year ended December 31, 2017, \$6,812 for the year ended December 31, 2016, and \$6,869, for the year ended December 31, 2015.

**NOTE 8 - RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016 (the latest information available), OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 (the latest information available):

		<u>2016</u>
Assets	\$	38,473,283
Liabilities		<u>8,244,140</u>
Net Position	\$	<u>30,229,143</u>

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 8 - RISK MANAGEMENT - (Continued)**

The liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$30,000.

Based on discussions with OTARMA the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township contributed \$67,482 to OTARMA in 2017.

After one year of membership, members may withdraw on each anniversary of the date they joined OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**NOTE 9 - CONTINGENT LIABILITIES**

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

**NOTE 10 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2017, consisted of \$16,000 transferred from the general fund to the nonmajor governmental funds to provide funding for capital acquisitions.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.15.

Interfund transactions between governmental funds are eliminated for reporting in the statement of activities.



## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### NOTE 11 - 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 cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund, road and bridge fund, police district fund and fire district fund 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 outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as an assigned or restricted fund balance (cash basis). At December 31, 2017, the encumbrances outstanding at year end (budgetary basis) amounted to \$3,575 for the general fund, \$131,237 for the road and bridge fund, \$280 for the police district fund, \$10,000 for the fire district fund, and \$16,200 for the ambulance and emergency medical fund.

#### NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLES

For 2017, the Township has implemented GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*", GASB Statement No. 81 "*Irrevocable Split-Interest Agreements*", and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*".

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Township.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the Township.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Township.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 13 - OTHER COMMITMENTS**

The Township utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Township's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 3,575
Road and bridge	131,237
Police district	280
Fire district	10,000
Ambulance and emergency medical	16,200
Other governmental funds	<u>350</u>
Total	<u>\$ 161,642</u>

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

The management's discussion and analysis of Howland Township's (the "Township") financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2016, within the limitations of the Township's cash basis of accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the basic financial statements to enhance their understanding of the Township's financial performance.

#### **Financial Highlights**

Key financial highlights for 2016 are as follows:

- For 2016, the total net cash position of the Township decreased \$49,151 or 3.38%.
- For 2016, general cash receipts accounted for \$6,246,179 or 76.03% of total governmental activities cash receipts and program specific cash receipts accounted for \$1,968,903 or 23.97% of total governmental activities cash receipts.
- For 2016, the Township had \$8,264,233 in cash disbursements related to governmental activities; \$1,968,903 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$6,246,179 were not adequate to provide for these programs.
- The Township's major funds are the General Fund, Road and Bridge Fund, Police District Fund, Fire District Fund and Ambulance and Emergency Medical Fund. The General Fund had cash receipts of \$1,365,397. The cash disbursements of the General Fund, totaled \$1,463,865. The General Fund's cash balance decreased \$98,468 from 2015 to 2016.
- The Road and Bridge Fund, a Township major fund, had cash receipts of \$1,074,580. The Road and Bridge Fund had cash disbursements of \$1,090,932. The Road and Bridge Fund cash balance decreased \$16,352 from 2015 to 2016.
- The Police District Fund, a Township major fund, had cash receipts of \$1,891,664. The Police District Fund had cash disbursements of \$1,920,265. The Police District Fund cash balance decreased \$28,601 from 2015 to 2016.
- The Fire District Fund, a Township major fund, had cash receipts of \$2,271,605. The Fire District Fund had cash disbursements of \$2,251,198. The Fire District Fund cash balance increased \$20,407 from 2015 to 2016.
- The Ambulance and Emergency Fund, a Township major fund, had cash receipts of \$594,250. The Ambulance and Emergency Fund had cash disbursements of \$567,921. The Ambulance and Emergency Fund cash balance increased \$26,329 from 2015 to 2016.

#### **Using this Cash Basis Basic Financial Statements (BFS)**

This cash basis annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's cash basis of accounting. The statement of net position – cash basis and statement of activities – cash basis provide information about the activities of the whole Township, presenting an aggregate view of the Township's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Township's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Township, there are five major governmental funds.

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

#### **Reporting the Township as a Whole**

##### ***Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis***

The statement of net position – cash basis and the statement of activities – cash basis answers the question, “How did we do financially during 2016?” These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year’s receipts and disbursements if the cash is actually received or paid.

These two statements report the Township’s net cash position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for the Township as a whole, the cash basis financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Township’s property tax base, current property tax laws in Ohio, availability of federal and state funding, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position – cash basis and the statement of activities – cash basis, the governmental activities include the Township’s programs and services, including police and fire protection, road and bridge maintenance and repair, and ambulance services. The statement of net position – cash basis and the statement of activities – cash basis can be found on pages 57-58 of this report.

#### **Reporting the Township’s Most Significant Funds**

##### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial reports provide detailed information about the Township’s major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township’s most significant funds. The Township’s major governmental funds are the General Fund, Road and Bridge Fund, Police District Fund, the Fire District Fund, and the Ambulance and Emergency Medical Fund. The analysis of the Township’s major governmental funds begins on page 52.

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

#### ***Governmental Funds***

All of the Township's non-fiduciary activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Township programs. Since the Township is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 60-63 of this report.

The Township's budgetary process accounts for transactions on the budgetary basis of accounting. The difference between the budgetary basis of accounting and the cash basis of accounting is that encumbrances at year-end are recorded as a disbursement on the budgetary basis of accounting whereas on the cash basis, the disbursement is only recorded when cash is paid. The budgetary statements for the General Fund, Road and Bridge Fund, Police District Fund, Fire District Fund, and Ambulance and Emergency Medical Fund are presented to demonstrate the Township's compliance with annually adopted budgets. The budgetary statements can be found on pages 64-68 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. An agency fund is the Township's only fiduciary fund type. The fiduciary fund financial statement can be found on page 69 of this report.

#### ***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 71-90 of this report.

#### **Government-Wide Financial Analysis**

Recall that the statement of net position – cash basis provides the perspective of the Township as a whole. The table below provides a summary of the Township's net cash position for 2016 and 2015.

	Net Position	
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 1,406,554	\$ 1,455,705
Total assets	<u>1,406,554</u>	<u>1,455,705</u>
<u>Net Cash Position</u>		
Restricted	1,033,614	984,299
Unrestricted	<u>372,940</u>	<u>471,406</u>
Total net cash position	<u>\$ 1,406,554</u>	<u>\$ 1,455,705</u>

**HOWLAND TOWNSHIP, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

For fiscal year 2016, net cash position of the Township decreased \$49,151 or 3.38%. The balance of government-wide unrestricted net cash position of \$372,940 at December 31, 2016 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for 2016 and 2015.

	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 1,282,800	\$ 1,031,705
Operating grants and contributions	226,717	216,714
Capital grants and contributions	<u>459,386</u>	<u>275,063</u>
Total program cash receipts	<u>1,968,903</u>	<u>1,523,482</u>
General cash receipts:		
Property and other taxes	4,558,111	4,543,838
Unrestricted grants	1,466,718	1,569,251
Tax anticipation note proceeds	112,162	-
Investment earnings	5,286	2,871
Other	<u>103,902</u>	<u>173,857</u>
Total general cash receipts	<u>6,246,179</u>	<u>6,289,817</u>
Total cash receipts	<u>8,215,082</u>	<u>7,813,299</u>
<b>Cash Disbursements:</b>		
General government	1,085,311	1,027,814
Public safety	4,739,335	4,728,667
Public works	1,267,158	1,647,862
Health	217,498	111,538
Human services	7,611	14,848
Miscellaneous	165,044	199,683
Capital outlay	715,143	477,019
Debt service		
Principal retirement	61,818	39,055
Interest and fiscal charges	<u>5,315</u>	<u>4,103</u>
Total cash disbursements	<u>8,264,233</u>	<u>8,250,589</u>
Change in net cash position	(49,151)	(437,290)
Net cash position at beginning of year	<u>1,455,705</u>	<u>1,892,995</u>
Net cash position at end of year	<u>\$ 1,406,554</u>	<u>\$ 1,455,705</u>

**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**Governmental Activities**

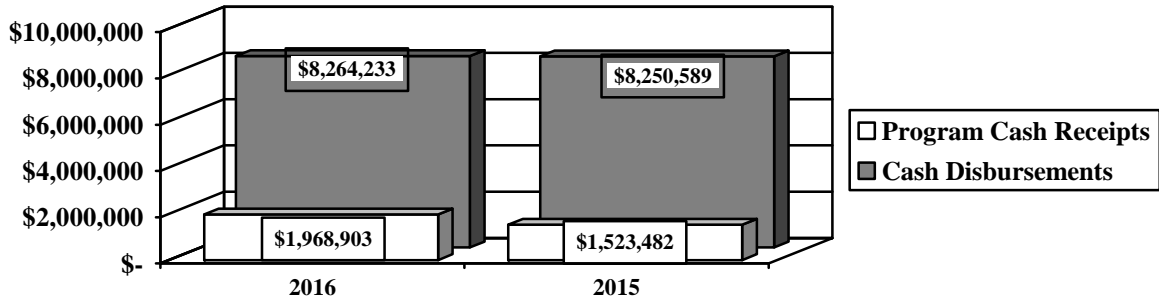
Governmental cash position decreased by \$49,151 in 2016 from 2015.

General government represents activities related to the governing body as well as activities that directly support Township programs. In 2016, general government cash disbursements totaled \$1,085,311 or 13.13% of total governmental cash disbursements. General government programs were supported by \$467,540 in direct charges to users for services and \$1,899 in operating and contributing grants.

In 2016, the public safety programs accounted for \$4,739,335 or 57.35% of total governmental cash disbursements. Public safety programs were supported by \$653,300 in direct charges and \$32,490 in operating and contributing grants.

The statement of activities – cash basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2016 and 2015. That is, it identifies the cost of these services supported by tax receipts and unrestricted State grants and entitlements.

**Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements**



**Governmental Activities**

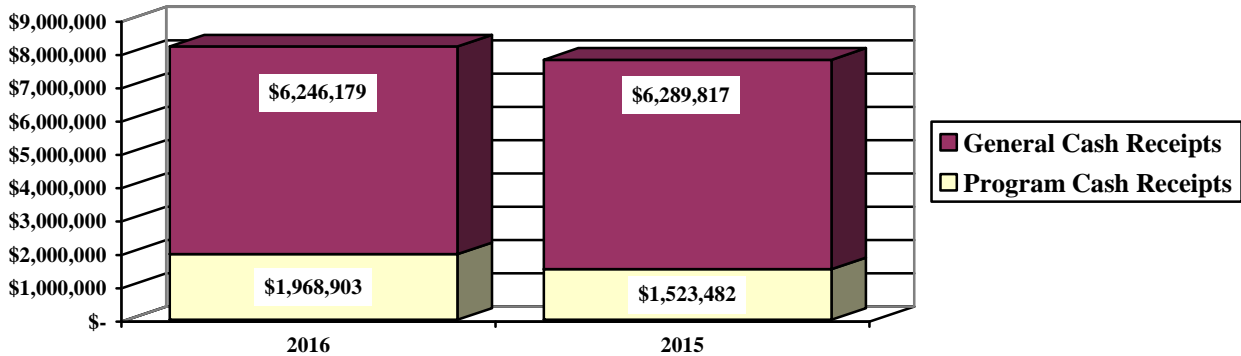
	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
Cash disbursements:				
Current:				
General government	\$ 1,085,311	\$ 615,872	\$ 1,027,814	\$ 657,459
Public safety	4,739,335	4,053,545	4,728,667	4,069,426
Public works	1,267,158	1,153,118	1,647,862	1,478,541
Health	217,498	64,706	111,538	89,524
Human services	7,611	7,611	14,848	14,848
Miscellaneous	165,044	165,044	199,683	199,683
Capital outlay	715,143	168,301	477,019	174,468
Debt service				
Principal retirement	61,818	61,818	39,055	39,055
Interest and fiscal charges	5,315	5,315	4,103	4,103
<b>Total</b>	<b><u>\$ 8,264,233</u></b>	<b><u>\$ 6,295,330</u></b>	<b><u>\$ 8,250,589</u></b>	<b><u>\$ 6,727,107</u></b>

**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

The dependence upon general cash receipts for governmental activities is apparent; with 76.18% of cash disbursements supported through taxes and other general cash receipts during 2016.

**Governmental Activities - General and Program Cash Receipts**



**Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The Township's governmental funds are accounted for using the cash basis of accounting.

At December 31, 2016, the Township's governmental funds reported a combined fund cash balance of \$1,406,554, which is \$49,151 less than last year's total of \$1,455,705. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2016, for all major and nonmajor governmental funds.

	Fund Cash Balance December 31, 2016	Fund Cash Balance December 31, 2015	Increase/ (Decrease)
Major Funds:			
General	\$ 371,021	\$ 469,489	\$ (98,468)
Road and Bridge	26,639	42,991	(16,352)
Police District	130,451	159,052	(28,601)
Fire District	490,500	470,093	20,407
Ambulance and Emergency Medical	152,637	126,308	26,329
Other Nonmajor Governmental Funds	<u>235,306</u>	<u>187,772</u>	<u>47,534</u>
Total	<u>\$ 1,406,554</u>	<u>\$ 1,455,705</u>	<u>\$ (49,151)</u>

**General Fund**

The General Fund, had cash receipts \$1,365,397 and cash disbursements of \$1,463,865. The General Fund's cash balance decreased \$98,468 from 2015 to 2016.



**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

The table that follows assists in illustrating the cash receipts of the General Fund.

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 483,057	\$ 471,723	2.40 %
Intergovernmental	372,698	359,122	3.78 %
Special assessments	7,605	5,870	29.56 %
License, permits and fees	452,453	351,902	28.57 %
Fines and forfeitures	8,935	13,590	(34.25) %
Investment income	4,818	2,413	99.67 %
Other	<u>35,831</u>	<u>79,082</u>	(54.69) %
Total	<u>\$ 1,365,397</u>	<u>\$ 1,283,702</u>	6.36 %

License, permits and fees cash receipts increased primarily due to an increase in zoning fees in fiscal year 2016. Other receipts decreased primarily due to refunds received for worker's comp in fiscal year 2015 and no refunds received in fiscal year 2016. All other receipts remained comparable to the prior fiscal year on either a percentage basis or an immaterial dollar amount.

The table that follows assists in illustrating the cash disbursements of the General Fund.

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Disbursements</u></b>			
General government	\$ 1,007,147	\$ 958,600	5.06 %
Public safety	44,080	49,360	(10.70) %
Public works	53,080	333,512	(84.08) %
Health	64,356	69,515	(7.42) %
Human services	7,611	14,848	(48.74) %
Miscellaneous	123,459	134,933	(8.50) %
Capital outlay	125,582	70,771	77.45 %
Debt service:			
Principal retirement	35,362	34,447	2.66 %
Interest and fiscal charges	<u>3,188</u>	<u>4,103</u>	(22.30) %
Total	<u>\$ 1,463,865</u>	<u>\$ 1,670,089</u>	(12.35) %

Public safety decreased due primarily to decreases in fuel disbursements and police and fire repairs. Public Works decreased due to a decreased in disbursements for the road and highway paving program. Capital outlay increased primarily due to equipment purchased for the police district in fiscal year 2016. All other disbursements remained comparable to the prior fiscal year on either a percentage basis or an immaterial dollar amount.

***Road and Bridge Fund***

The Road and Bridge Fund, a Township major fund, had cash receipts of \$1,074,580 in 2016. Cash disbursements in this fund were \$1,090,932 in 2016. The Road and Bridge Fund cash balance decreased \$16,352 from 2015 to 2016.

**HOWLAND TOWNSHIP, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

***Police District Fund***

The Police District Fund, a Township major fund, had cash receipts of \$1,891,664 in 2016. Cash disbursements in this fund were \$1,920,265 in 2016. The Police District Fund cash balance decreased \$28,601 from 2015 to 2016.

***Fire District Fund***

The Fire District Fund, a Township major fund, had cash receipts of \$2,271,605 in 2016. Cash disbursements in this fund were \$2,251,198 in 2016. The Fire District Fund cash balance increased \$20,407 from 2015 to 2016.

***Ambulance and Emergency Fund***

The Ambulance and Emergency Fund, a Township major fund, had cash receipts of \$594,250 in 2016. Cash disbursements in this fund were \$567,921 in 2016. The Ambulance and Emergency Fund cash balance increased \$26,329 from 2015 to 2016.

***Budgeting Highlights - General Fund***

The Township's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For 2016, original and final budget estimated resources were \$1,283,857 for the General Fund. Actual cash receipts of \$1,365,397 were more than final budget estimates by \$81,540. The original and final budgetary basis disbursements and other financing uses were \$1,753,098. The actual budgetary basis disbursements of \$1,472,512 were \$280,586 less than the final budget estimates.

**Capital Assets and Debt Administration**

***Capital Assets***

The Township does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Township had capital outlay disbursements of \$715,143 during 2016.

***Debt Administration***

The Township had the following debt outstanding at December 31, 2016:

	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
Ohio Public Works Commission (OPWC) loan	\$ 80,639	\$ 85,247
Ambulance tax anticipation notes	92,640	128,003
Truck tax anticipation note	<u>90,314</u>	<u>-</u>
Total long-term obligations	<u>\$ 263,593</u>	<u>\$ 213,250</u>

See Note 5 for more information on the Township's debt.

## **HOWLAND TOWNSHIP, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016**

#### **Current Financial Related Activities**

Howland Township has felt a loss of tax revenue due to the loss of manufacturing plants. With the loss of plants come the loss of jobs and the rise of delinquent taxes. The county auditor's estimated revenue and actual receipts are down due to delinquent taxes. Also, with the reduction in Tangible Personal Property Tax and Undivided Local Government, the loss of revenue is ongoing. Another loss is the inheritance tax that is always unexpected income and allows the Township to provide paving projects, equipment, etc.

The future of the Township will be based on the current Delphi bankruptcy which employs 600 people and generates a large part of the tax revenue for the Township. The Township, along with the employees are always looking for ways to save money through health insurance costs, group programs, and finding grants.

#### **Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a General overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert Costello, Fiscal Officer, Howland Township, 205 Niles-Cortland Rd. NE, Warren, Ohio 44484.

**CASH BASIS BASIC  
FINANCIAL STATEMENTS**

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2016

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 1,406,554
 Total assets . . . . .	 1,406,554
 <b>Net cash position:</b>	
Restricted for:	
Public safety . . . . .	851,861
Public works . . . . .	26,639
Health and human services . . . . .	11,800
Street maintenance and construction . . . . .	117,330
Capital projects . . . . .	12,143
Other purposes . . . . .	13,841
Unrestricted . . . . .	372,940
 Total net cash position . . . . .	 \$ 1,406,554

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Cash Receipts				Net (Cash Disbursements)
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Cash Receipts and Changes in Net Position
<b>Governmental activities:</b>					<b>Governmental Activities</b>
Current:					
General government . . . . .	\$ 1,085,311	\$ 467,540	\$ 1,899	\$ -	\$ (615,872)
Public safety . . . . .	4,739,335	653,300	32,490	-	(4,053,545)
Public works . . . . .	1,267,158	7,605	106,435	-	(1,153,118)
Health . . . . .	217,498	152,792	-	-	(64,706)
Human services . . . . .	7,611	-	-	-	(7,611)
Miscellaneous . . . . .	165,044	-	-	-	(165,044)
Capital outlay . . . . .	715,143	1,563	85,893	459,386	(168,301)
Debt service:					
Principal retirement . . . . .	61,818	-	-	-	(61,818)
Interest and fiscal charges . . . . .	5,315	-	-	-	(5,315)
<b>Total governmental activities . . . . .</b>	<b>\$ 8,264,233</b>	<b>\$ 1,282,800</b>	<b>\$ 226,717</b>	<b>\$ 459,386</b>	<b>(6,295,330)</b>

**General cash receipts:**

Property and other taxes levied for:

General purposes . . . . .	483,057
Road and bridge improvements . . . . .	848,965
Public safety - police district . . . . .	1,443,249
Public safety - fire district . . . . .	1,782,840
Grants and entitlements not restricted to specific programs . . . . .	1,466,718
Proceeds of tax anticipation notes . . . . .	112,162
Investment receipts . . . . .	5,286
Miscellaneous . . . . .	103,902
<b>Total general cash receipts . . . . .</b>	<b>6,246,179</b>
<b>Change in net cash position . . . . .</b>	<b>(49,151)</b>
<b>Net cash position at beginning of year . . . . .</b>	<b>1,455,705</b>
<b>Net cash position at end of year . . . . .</b>	<b>\$ 1,406,554</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . .	\$ 371,021	\$ 26,639	\$ 130,451	\$ 490,500
Total assets . . . . .	<u>\$ 371,021</u>	<u>\$ 26,639</u>	<u>\$ 130,451</u>	<u>\$ 490,500</u>
<b>Fund cash balances:</b>				
Restricted:				
Public safety . . . . .	\$ -	\$ -	\$ 130,451	\$ 490,500
Public works . . . . .	-	26,639	-	-
Health and human services . . . . .	-	-	-	-
Street maintenance and construction . . . . .	-	-	-	-
Other purposes . . . . .	-	-	-	-
Capital projects . . . . .	-	-	-	-
Committed:				
Health and human services . . . . .	-	-	-	-
Assigned:				
General government . . . . .	679	-	-	-
Public safety . . . . .	1,132	-	-	-
Public works . . . . .	4,211	-	-	-
Capital outlay . . . . .	125	-	-	-
Miscellaneous . . . . .	2,500	-	-	-
Subsequent year appropriations . . . . .	361,894	-	-	-
Unrestricted	480	-	-	-
Total fund cash balances . . . . .	<u>\$ 371,021</u>	<u>\$ 26,639</u>	<u>\$ 130,451</u>	<u>\$ 490,500</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Ambulance and Emergency Medical</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 152,637	\$ 235,306	\$ 1,406,554
<u>\$ 152,637</u>	<u>\$ 235,306</u>	<u>\$ 1,406,554</u>
\$ 152,637	\$ 78,273	\$ 851,861
-	-	26,639
-	11,800	11,800
-	117,330	117,330
-	13,841	13,841
-	12,143	12,143
-	1,919	1,919
-	-	679
-	-	1,132
-	-	4,211
-	-	125
-	-	2,500
-	-	361,894
-	-	480
<u>\$ 152,637</u>	<u>\$ 235,306</u>	<u>\$ 1,406,554</u>

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>
<b>Cash receipts:</b>				
Taxes . . . . .	\$ 483,057	\$ 848,965	\$ 1,443,249	\$ 1,782,840
Intergovernmental . . . . .	372,698	224,034	398,351	479,800
Special assessments . . . . .	7,605	-	-	-
Charges for services . . . . .	-	-	-	-
License, permits and fees . . . . .	452,453	-	-	-
Fines, forfeitures and penalties . . . . .	8,935	-	125	-
Interest . . . . .	4,818	-	-	-
Contributions and donations . . . . .	750	-	-	1,600
Miscellaneous . . . . .	35,081	1,581	49,939	7,365
Total cash receipts . . . . .	<u>1,365,397</u>	<u>1,074,580</u>	<u>1,891,664</u>	<u>2,271,605</u>
<b>Cash disbursements:</b>				
Current:				
General government . . . . .	1,007,147	-	31,170	38,436
Public safety . . . . .	44,080	-	1,877,895	2,159,662
Public works . . . . .	53,080	1,088,396	-	-
Health . . . . .	64,356	-	-	-
Human services . . . . .	7,611	-	-	-
Miscellaneous . . . . .	123,459	-	-	-
Capital outlay . . . . .	125,582	2,536	11,200	53,100
Debt service:				
Principal retirement . . . . .	35,362	-	-	-
Interest and fiscal charges . . . . .	3,188	-	-	-
Total cash disbursements . . . . .	<u>1,463,865</u>	<u>1,090,932</u>	<u>1,920,265</u>	<u>2,251,198</u>
Excess (deficiency) of cash receipts over (under) cash disbursements . . . . .	<u>(98,468)</u>	<u>(16,352)</u>	<u>(28,601)</u>	<u>20,407</u>
<b>Other financing receipts:</b>				
Proceeds from tax anticipation note . . . . .	-	-	-	-
Total other financing receipts . . . . .	-	-	-	-
Net change in fund cash balances . . . . .	(98,468)	(16,352)	(28,601)	20,407
<b>Fund cash balances</b>				
at beginning of year . . . . .	469,489	42,991	159,052	470,093
Fund cash balances at end of year . . . . .	<u>\$ 371,021</u>	<u>\$ 26,639</u>	<u>\$ 130,451</u>	<u>\$ 490,500</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Ambulance and Emergency Medical</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 4,558,111
3,500	796,654	2,275,037
-	-	7,605
589,801	69,464	659,265
-	29,514	481,967
-	1,087	10,147
-	468	5,286
-	-	2,350
949	8,237	103,152
<u>594,250</u>	<u>905,424</u>	<u>8,102,920</u>
-	8,558	1,085,311
567,921	89,777	4,739,335
-	125,682	1,267,158
-	153,142	217,498
-	-	7,611
-	41,585	165,044
-	522,725	715,143
-	26,456	61,818
-	2,127	5,315
<u>567,921</u>	<u>970,052</u>	<u>8,264,233</u>
<u>26,329</u>	<u>(64,628)</u>	<u>(161,313)</u>
-	112,162	112,162
-	112,162	112,162
26,329	47,534	(49,151)
126,308	187,772	1,455,705
<u>\$ 152,637</u>	<u>\$ 235,306</u>	<u>\$ 1,406,554</u>

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 481,557	\$ 481,557	\$ 483,057	\$ 1,500
Intergovernmental . . . . .	314,156	314,156	372,698	58,542
Special assessments . . . . .	-	-	7,605	7,605
License, permits and fees . . . . .	367,000	367,000	452,453	85,453
Fines, forfeitures and penalties. . . . .	-	-	8,935	8,935
Interest. . . . .	-	-	4,818	4,818
Contributions and donations . . . . .	-	-	750	750
Miscellaneous . . . . .	121,144	121,144	35,081	(86,063)
<b>Total budgetary basis receipts. . . . .</b>	<b>1,283,857</b>	<b>1,283,857</b>	<b>1,365,397</b>	<b>81,540</b>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	1,028,465	1,164,864	1,007,826	157,038
Public safety . . . . .	75,244	75,244	45,212	30,032
Public works . . . . .	281,763	102,291	100,768	1,523
Health . . . . .	69,881	65,740	64,356	1,384
Human services . . . . .	15,000	15,000	7,611	7,389
Miscellaneous . . . . .	76,000	82,700	80,107	2,593
Capital outlay . . . . .	121,600	151,650	128,082	23,568
Debt service:				
Principal retirement . . . . .	35,362	35,362	35,362	-
Interest and fiscal charges . . . . .	3,188	3,188	3,188	-
<b>Total budgetary basis disbursements . . . . .</b>	<b>1,706,503</b>	<b>1,696,039</b>	<b>1,472,512</b>	<b>223,527</b>
Excess of budgetary basis expenditures over budgetary basis receipts . . . . .	(422,646)	(412,182)	(107,115)	305,067
<b>Other financing (uses):</b>				
Transfers (out). . . . .	(46,595)	(57,059)	-	57,059
<b>Total other financing (uses) . . . . .</b>	<b>(46,595)</b>	<b>(57,059)</b>	<b>-</b>	<b>57,059</b>
Net change in fund cash balance . . . . .	(469,241)	(469,241)	(107,115)	362,126
<b>Fund cash balance at beginning of year . . . . .</b>	<b>381,266</b>	<b>381,266</b>	<b>381,266</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>88,223</b>	<b>88,223</b>	<b>88,223</b>	<b>-</b>
<b>Fund cash balance at end of year . . . . .</b>	<b>\$ 248</b>	<b>\$ 248</b>	<b>\$ 362,374</b>	<b>\$ 362,126</b>

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 849,162	\$ 849,162	\$ 848,965	\$ (197)
Intergovernmental . . . . .	221,708	221,708	224,034	2,326
Miscellaneous . . . . .	-	-	1,581	1,581
Total budgetary basis receipts . . . . .	<u>1,070,870</u>	<u>1,070,870</u>	<u>1,074,580</u>	<u>3,710</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Public works . . . . .	1,105,861	1,111,061	1,089,966	21,095
Capital outlay . . . . .	8,000	2,800	2,536	264
Total budgetary basis disbursements. . . . .	<u>1,113,861</u>	<u>1,113,861</u>	<u>1,092,502</u>	<u>21,359</u>
Net change in fund cash balance . . . . .	(42,991)	(42,991)	(17,922)	25,069
<b>Fund cash balance at beginning of year . . . .</b>	42,541	42,541	42,541	-
<b>Prior year encumbrances appropriated . . . .</b>	<u>450</u>	<u>450</u>	<u>450</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,069</u>	<u>\$ 25,069</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
POLICE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 1,461,403	\$ 1,461,403	\$ 1,443,249	\$ (18,154)
Intergovernmental . . . . .	386,230	386,230	398,351	12,121
Fines, forfeitures and penalties . . . . .	-	-	125	125
Miscellaneous. . . . .	12,495	12,495	49,939	37,444
Total budgetary basis receipts . . . . .	<u>1,860,128</u>	<u>1,860,128</u>	<u>1,891,664</u>	<u>31,536</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	30,000	32,525	31,170	1,355
Public safety . . . . .	1,958,289	1,970,764	1,880,140	90,624
Capital outlay . . . . .	30,891	15,891	11,200	4,691
Total budgetary basis disbursements. . . . .	<u>2,019,180</u>	<u>2,019,180</u>	<u>1,922,510</u>	<u>96,670</u>
Net change in fund cash balance . . . . .	(159,052)	(159,052)	(30,846)	128,206
<b>Fund cash balance at beginning of year . . . . .</b>	<u>159,052</u>	<u>159,052</u>	<u>159,052</u>	<u>-</u>
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,206</u>	<u>\$ 128,206</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 1,793,809	\$ 1,793,809	\$ 1,782,840	\$ (10,969)
Intergovernmental . . . . .	474,913	474,913	479,800	4,887
Contributions and donations . . . . .	-	-	1,600	1,600
Miscellaneous . . . . .	3,000	3,000	7,365	4,365
Total budgetary basis receipts . . . . .	<u>2,271,722</u>	<u>2,271,722</u>	<u>2,271,605</u>	<u>(117)</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	41,000	42,500	38,436	4,064
Public safety . . . . .	2,390,380	2,398,880	2,169,727	229,153
Capital outlay . . . . .	293,980	283,980	54,003	229,977
Total budgetary basis disbursements . . . . .	<u>2,725,360</u>	<u>2,725,360</u>	<u>2,262,166</u>	<u>463,194</u>
Net change in fund cash balance . . . . .	(453,638)	(453,638)	9,439	463,077
<b>Fund cash balance at beginning of year . . . . .</b>	453,613	453,613	453,613	-
<b>Prior year encumbrances appropriated . . . . .</b>	16,480	16,480	16,480	-
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 16,455</u>	<u>\$ 16,455</u>	<u>\$ 479,532</u>	<u>\$ 463,077</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
 BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 AMBULANCE AND EMERGENCY MEDICAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Intergovernmental . . . . .	\$ -	\$ -	\$ 3,500	3,500
Charges for services . . . . .	550,000	550,000	589,801	39,801
Miscellaneous. . . . .	-	-	949	949
Total budgetary basis receipts . . . . .	<u>550,000</u>	<u>550,000</u>	<u>594,250</u>	<u>44,250</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Public safety . . . . .	656,308	656,308	567,921	88,387
Capital outlay. . . . .	20,000	20,000	-	20,000
Total budgetary basis disbursements. . . . .	<u>676,308</u>	<u>676,308</u>	<u>567,921</u>	<u>108,387</u>
Net change in fund cash balance . . . . .	(126,308)	(126,308)	26,329	152,637
<b>Fund cash balance at beginning of year . .</b>	125,718	125,718	125,718	-
<b>Prior year encumbrances appropriated . .</b>	<u>590</u>	<u>590</u>	<u>590</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,637</u>	<u>\$ 152,637</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2016

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 19,121
Total assets . . . . .	<u>\$ 19,121</u>
<b>Liabilities:</b>	
Deposits held and due to others . . . . .	\$ 19,121
Total liabilities . . . . .	<u>\$ 19,121</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE 1 - DESCRIPTION OF THE TOWNSHIP

Howland Township, Trumbull County, Ohio (the "Township") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees.

The Township provides the following services: police and fire protection, road and bridge maintenance, cemetery maintenance and emergency medical services as well as general governmental services.

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

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.D., 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). GAAP includes 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 cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Township's accounting policies:

##### A. Reporting Entity

For financial reporting purposes, the Township's Basic Financial Statements (BFS) include all funds, agencies, boards, commissions, and departments for which the Township is financially accountable. Financial accountability, as defined by the GASB, exists if the Township appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Township. The Township may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the Township. The Township also took into consideration other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the Township's basic financial statements to be misleading or incomplete. The Township has no component units.

The following organization is described due to their significant relationship to the Township:

##### Ohio Township Association Risk Management Authority

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductible. This organization is discussed in Note 8.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Basis of Presentation**

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balance 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.

**C. 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. The Township has no proprietary funds.

**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 major governmental funds:

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

Road and Bridge - This fund accounts for tax and grant receipts and their use as they pertain to the Township's roads.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Police District - This fund accounts for revenues collected for police operations.

Fire District - This fund accounts for revenues collected for fire operations.

Ambulance and Emergency Medical – This fund accounts for revenues, primarily charges for service, for ambulance and emergency medical services.

Other governmental funds of the Township are used to account for charges for services and disbursements for grants and other resources and capital projects whose use is restricted to a particular purpose.

**Fiduciary Funds** - Fiduciary funds include pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are 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 does not have any trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The agency fund accounts for insurance proceeds held for fire damage claims.

**D. 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 expenses and liabilities) are not recorded in these financial statements.

**E. 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 estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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.

#### **F. Cash and Cash Equivalents**

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 of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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 (contra revenue), respectively.

During 2016, the Township invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Township measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2016 were \$4,818 which includes \$3,266 assigned from other Township funds.

#### **G. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not have any restricted assets at December 31, 2016.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. 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.

**I. Capital Assets**

The acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**J. 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.

**K. 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 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-term Obligations**

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

**M. Net Position**

Net position is 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.

The Township first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

**N. 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 classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Trustees (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes 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 nor 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 policies of the Board of Trustees, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Township applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**O. Interfund Activity**

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

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2016.



## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Township into three categories.

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

Inactive deposits are public deposits that the Township has 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Township by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At December 31, 2016, the carrying amount of all Township deposits was \$1,419,256. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2016, \$1,124,237 of the Township's bank balance of \$1,630,098 was exposed to custodial risk as discussed below, while \$505,861 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Township's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township. The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

**B. Investments**

As of December 31, 2016, the Township had the following investments and maturities:

<u>Investment type</u>	<u>Investment Maturity</u>	
	<u>Fair Value</u>	<u>6 months or less</u>
STAR Ohio	<u>\$ 6,419</u>	<u>\$ 6,419</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Township's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The Township places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Township at December 31, 2016:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 6,419	100.00

**C. Reconciliation of Cash and Investments to the Statement of net position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of financial position as of December 31, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,419,256
Investments	<u>6,419</u>
Total	<u>\$ 1,425,675</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 1,406,554
Agency fund	<u>19,121</u>
Total	<u>\$ 1,425,675</u>

**NOTE 4 - PROPERTY TAX**

Property taxes include amounts levied against all real and public utility property located in the Township. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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.

The full tax rate for all Township operations for the year ended December 31, 2016 was \$13.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 4 - PROPERTY TAX (Continued)**

	<u>2016</u>
<u>Real Property</u>	
Residential/agricultural	\$ 304,938,210
Commercial/industrial/mineral	81,025,030
 <u>Public Utility</u>	
Real	244,930
Personal	<u>9,032,800</u>
 Total assessed valuation	 <u>\$ 395,240,970</u>

**NOTE 5 - DEBT OBLIGATIONS**

Transactions for the year ended December 31, 2016 are summarized as follows:

<u>Description</u>	<u>Balance</u> <u>December 31, 2015</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>December 31, 2016</u>
Ohio Public Works Commission (OPWC) loan	\$ 82,943	\$ -	\$ (4,608)	\$ 78,335
Ambulance tax anticipation notes	128,003	-	(35,363)	92,640
Ice removal truck tax anticipation note	<u>-</u>	<u>112,162</u>	<u>(21,848)</u>	<u>90,314</u>
Total	<u>\$ 210,946</u>	<u>\$ 112,162</u>	<u>\$ (61,819)</u>	<u>\$ 261,289</u>

The OPWC loan was issued in fiscal years 2013 and 2014 to fund the Township's culvert replacement project. The OPWC loan is a 20 year, interest free loan. Principal payments were paid from the culvert replacement capital projects fund in fiscal year 2016.

The ambulance tax anticipation notes were issued on March 31, 2014 and July 30, 2014 for the purchase of two ambulances. The tax anticipation notes are for a term of 5 years and carry interest rates of 2.8% and 2.5%, respectively. The tax anticipation notes will be repaid from the general fund's yearly lodging tax receipts.

The ice removal truck tax anticipation note was issued on January 7, 2016 for the purchase of an ice removal truck. The tax anticipation note is for a term of 5 years and carry's an interest rate of 2.67%. The tax anticipation note will be repaid from the gas tax fund.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 5 - DEBT OBLIGATIONS (Continued)**

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2016, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Loans</u> <u>Interest</u>	<u>Total</u>
2017	\$ 62,606	\$ 4,528	\$ 67,134
2018	64,171	2,962	67,133
2019	46,504	1,354	47,858
2020	28,104	479	28,583
2021	4,608	-	4,608
2022 - 2026	23,040	-	23,040
2027 - 2031	23,040	-	23,040
2032 - 2033	<u>9,216</u>	<u>-</u>	<u>9,216</u>
Total	<u>\$ 261,289</u>	<u>\$ 9,323</u>	<u>\$ 270,612</u>

Under the cash basis of accounting, debt obligations at year end are not reported on the financial statements.

**NOTE 6 - PENSION PLAN**

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description – The Township’s employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 6 - PENSION PLAN (Continued)**

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 6 - PENSION PLAN (Continued)**

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2016 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

- \* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- \*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$300,384 for year 2016.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 6 - PENSION PLAN - (Continued)**

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
 Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
 Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF was \$320,155 for 2016.



## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE 7 - POSTEMPLOYMENT BENEFIT PLAN

##### OPERS - Plan Description

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 health care coverage.

In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Entity 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 writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

##### OPERS - Funding Policy

The Ohio Revised Code provides the statutory Entity requiring public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016, state and local employees contributed at a rate of 10% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employers units. Active members do not make contributions to the OPEB Plan.

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 health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2% during calendar year 2016.

The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care 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 postemployment health care for the years ended December 31, 2016, 2015, and 2014 were \$50,063, \$45,649 and \$45,936, respectively.

##### **Ohio Police and Fire Pension Fund**

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care 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 post-employment health care coverage to 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.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 7 - POSTEMPLOYMENT BENEFIT PLAN (Continued)**

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 health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at [www.op-f.org](http://www.op-f.org).

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, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 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 into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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 City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for firefighters was \$6,812 for the year ended December 31, 2016, \$6,869 for the year ended December 31, 2015, and \$6,565, for the year ended December 31, 2014. 100% has been contributed for 2015 and 2014 and 91.26% has been contributed for firefighters for 2016.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 8 - RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage**

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$13,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to the annual aggregate limit of \$10,000,000.

**Property Coverage**

The Travelers Indemnity Company reinsures specific losses exceeding \$500,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$150,000 up to \$500,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides property aggregate stop loss coverage to APEEP based upon the combined Members' Total Insurable Value (TIV). If the stop loss is reached by payment of the Pools retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, effective January 1, 2009, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverages to the Pools.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$ 35,970,263	\$ 37,313,311
Liabilities	<u>8,912,432</u>	<u>8,418,518</u>
Net Position	<u>\$ 27,057,831</u>	<u>\$ 28,894,793</u>

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 8 - RISK MANAGEMENT - (Continued)**

At December 31, 2015 and 2014, respectively, liabilities noted above include approximately \$8.5 million and \$8.5 million of estimated incurred claims payable. The assets and net position above also include approximately \$7.2 million and \$7.4 million of unpaid claims to be billed to 957 member governments in the future, as of December 31, 2015, and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims is approximately \$61,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b>Contributions to OTARMA</b>	
2016	\$67,482
2015	\$63,866
2014	\$62,010

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**NOTE 9 - CONTINGENT LIABILITIES**

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

**NOTE 10 - 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 cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund, road and bridge fund, police district fund and fire district fund 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 outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as an assigned or restricted fund balance (cash basis). At December 31, 2016, the encumbrances outstanding at year end (budgetary basis) amounted to \$8,647 for the general fund, \$1,570 for the road and bridge fund, \$2,245 for the police district fund and \$10,968 for the fire district fund.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2016, the Township has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 added additional disclosure related to the Township's investments.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Township.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Township.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any changes in the Township's financial statements as the Township does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Township.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 12 - OTHER COMMITMENTS**

The Township utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Township's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 8,647
Road and bridge	1,570
Police district	2,245
Fire district	10,968
Other governmental funds	<u>906</u>
Total	<u>\$ 24,336</u>



# Dave Yost • Auditor of State

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

Howland Township  
Trumbull County  
205 Niles-Cortland Road  
Warren, Ohio 44484

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howland Township, Trumbull County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 4, 2018, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

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

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509  
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001

[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 4, 2018



**BOARD OF TRUSTEES**

Rick G. Clark  
Dr. James J. LaPolla Jr.  
Matthew G. Vansuch

**Fiscal Officer**  
Robert M. Costello

**Financial Office**  
Vivian McDowell

**Administrative Offices**  
TEL (330) 856-2340  
FAX (330) 856-3278



**ADMINISTRATOR**

Darlene M. St. George

**Fire Chief**

James T. Pantalone (330) 856-5022

**Police Chief**

Nick L. Roberts (330) 856-5555

**Public Works Director**

David L. McCann (330) 856-4037

**Planning Director**

Kim Mascarella (330) 856-3461

**Zoning Administrator**

Peter Ross (330) 856-5223

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**December 31, 2017 and 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Improper recording of On-Behalf-of receipts/disbursements	Finding No Longer Valid	
2014-002	Debt activity not properly posted	Finding No Longer Valid	
2014-003	Improper correction of prior period disbursement	Finding No Longer Valid	
2014-004 2015-001	Budget versus actual financial statements not accurately reflected	Not corrected	See Management Letter
2014-005	Expenditures exceeded appropriations	Finding No Longer Valid	

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# Dave Yost • Auditor of State

**HOWLAND TOWNSHIP**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 31, 2018**