



**Auditor of State
Betty Montgomery**

HOWLAND TOWNSHIP
TRUMBULL COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|--|------|
| Independent Accountants' Report..... | 1 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types For the Year Ended December 31, 2003..... | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types For the Year Ended December 31, 2002..... | 4 |
| Notes to the Financial Statements | 5 |
| Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 11 |

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

Howland Township
Trumbull County
169 Niles – Cortland Road
Warren, Ohio 44484

To the Board of Trustees:

We have audited the accompanying financial statements of Howland Township (the Township) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Howland Township
Trumbull County
Independent Accountant's Report
Page 2

This report is intended solely for the information and use of the Board of Trustees, management, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 4, 2004

**HOWLAND TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-----------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Fiduciary Funds</u> | |
| Cash Receipts: | | | | | |
| Local Taxes | \$513,316 | \$3,126,931 | | | \$3,640,247 |
| Intergovernmental | 552,996 | 583,538 | \$19,499 | | 1,156,033 |
| Fines, Forfeitures, and Penalties | 30,123 | 2,303 | | | 32,426 |
| Charges for Services | | 589,010 | | | 589,010 |
| Licenses, Permits, and Fees | 45,857 | 4,225 | | | 50,082 |
| Gifts | | 1,124 | | | 1,124 |
| Special Assessments | 6,704 | 3,916 | | | 10,620 |
| Earnings on Investments | 29,473 | 2,000 | | \$14 | 31,487 |
| Other Revenue | 378,103 | 78,296 | | | 456,399 |
| Total Cash Receipts | 1,556,572 | 4,391,343 | 19,499 | 14 | 5,967,428 |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 1,017,605 | 51,017 | | | 1,068,622 |
| Public Safety | | 3,576,117 | | | 3,576,117 |
| Public Works | 55,966 | 974,897 | | | 1,030,863 |
| Health | 65,879 | 16,280 | | | 82,159 |
| Human Services | | 39,887 | | | 39,887 |
| Miscellaneous | 111,101 | | | | 111,101 |
| Capital Outlay | 201,690 | 165,436 | 126,831 | | 493,957 |
| Total Cash Disbursements | 1,452,241 | 4,823,634 | 126,831 | | 6,402,706 |
| Total Receipts Over (Under) Disbursements | 104,331 | (432,291) | (107,332) | 14 | (435,278) |
| Other Financing Receipts/(Disbursements): | | | | | |
| Transfers-In | 154,000 | 471,231 | 39,160 | | 664,391 |
| Transfers-Out | (510,391) | | (154,000) | | (664,391) |
| Advances-In | | 315,238 | | | 315,238 |
| Advances-Out | (315,238) | | | | (315,238) |
| Other Financing Sources | | 6,800 | | | 6,800 |
| Total Other Financing Receipts/(Disbursements) | (671,629) | 793,269 | (114,840) | | 6,800 |
| Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements | (567,298) | 360,978 | (222,172) | 14 | (428,478) |
| Fund Cash Balances, January 1 | 1,793,016 | 613,648 | 484,602 | 1,846 | 2,893,112 |
| Fund Cash Balances, December 31 | <u>\$1,225,718</u> | <u>\$974,626</u> | <u>\$262,430</u> | <u>\$1,860</u> | <u>\$2,464,634</u> |
| Reserve for Encumbrances, December 31 | <u>\$161,626</u> | <u>\$28,549</u> | <u>\$0</u> | <u>\$0</u> | <u>\$190,175</u> |

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

**HOWLAND TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-----------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Fiduciary Funds</u> | |
| Cash Receipts: | | | | | |
| Local Taxes | \$523,272 | \$3,405,624 | | | \$3,928,896 |
| Intergovernmental | 711,565 | 464,952 | \$514,216 | | 1,690,733 |
| Fines, Forfeitures, and Penalties | 15,937 | 1,023 | | | 16,960 |
| Charges for Services | | 588,034 | | | 588,034 |
| Licenses, Permits, and Fees | 47,311 | 3,283 | | | 50,594 |
| Gifts | | 4,655 | | | 4,655 |
| Special Assessments | 1,769 | 2,732 | | | 4,501 |
| Earnings on Investments | 105,554 | 1,750 | | \$28 | 107,332 |
| Other Revenue | <u>375,860</u> | <u>213,790</u> | <u>5,000</u> | | <u>594,650</u> |
| Total Cash Receipts | 1,781,268 | 4,685,843 | 519,216 | 28 | 6,986,355 |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 1,017,572 | 52,619 | | | 1,070,191 |
| Public Safety | | 3,436,576 | | | 3,436,576 |
| Public Works | 42,985 | 922,087 | | | 965,072 |
| Health | 70,790 | 360 | | | 71,150 |
| Human Services | | 39,232 | | | 39,232 |
| Miscellaneous | 79,381 | | | | 79,381 |
| Capital Outlay | <u>140,123</u> | <u>440,122</u> | <u>782,522</u> | | <u>1,362,767</u> |
| Total Cash Disbursements | <u>1,350,851</u> | <u>4,890,996</u> | <u>782,522</u> | | <u>7,024,369</u> |
| Total Receipts Over (Under) Disbursements | 430,417 | (205,153) | (263,306) | 28 | (38,014) |
| Other Financing Receipts/(Disbursements): | | | | | |
| Transfers-In | 3,742 | 231,000 | 477,900 | | 712,642 |
| Transfers-Out | (708,900) | | (3,742) | | (712,642) |
| Other Financing Sources | <u>50,508</u> | <u>5,600</u> | | | <u>56,108</u> |
| Total Other Financing Receipts(Disbursements) | <u>(654,650)</u> | <u>236,600</u> | <u>474,158</u> | | <u>56,108</u> |
| Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements | (224,233) | 31,447 | 210,852 | 28 | 18,094 |
| Fund Cash Balances, January 1 | <u>2,017,249</u> | <u>582,201</u> | <u>273,750</u> | <u>1,818</u> | <u>2,875,018</u> |
| Fund Cash Balances, December 31 | <u>\$1,793,016</u> | <u>\$613,648</u> | <u>\$484,602</u> | <u>\$1,846</u> | <u>\$2,893,112</u> |
| Reserve for Encumbrances, December 31 | <u>\$68,810</u> | <u>\$29,914</u> | <u>\$0</u> | <u>\$0</u> | <u>\$98,724</u> |

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

**HOWLAND TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Howland Township, Trumbull County, (the Township) is a body corporate and politic established to exercise 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 road and bridge maintenance, cemetery maintenance, police and fire protection, and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and 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 disbursements, respectively.

Repurchase agreements are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

**HOWLAND TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Police District Fund – This fund receives property tax money to pay for the general operation of the police department.

Fire District Fund – This fund receives property tax money to pay for the general operation of the fire department.

Ambulance and Emergency Service Fund – This fund receives charges for services to finance the operation of the ambulance/medical services provided by the Township.

3. Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects funds:

Issue II Funds – The Township received a grant from the State of Ohio to replace culverts, ditching, and paving on Henn-Hyde and Castillion-Ragian Roads.

Transportation Enhancement Fund – The Township received a grant from the Ohio Department of Transportation to construct sidewalks.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Chapel Fund – This fund uses its revenue for the care and maintenance of a cemetery chapel.

E. Budgetary Process

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

1. Appropriations

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

**HOWLAND TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | 2003 | 2002 |
|--------------------------------|-------------|-------------|
| Demand deposits | \$55,495 | (\$1,834) |
| Total deposits | 55,495 | (1,834) |
| | | |
| Repurchase Agreements | 72,725 | 81,796 |
| STAR Ohio | 2,336,414 | 2,813,150 |
| Total investments | 2,409,139 | 2,894,946 |
| Total deposits and investments | \$2,464,634 | \$2,893,112 |

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution's public entity risk pool.

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form.

**HOWLAND TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|--------------------|
| General | \$1,329,739 | \$1,710,572 | \$380,833 |
| Special Revenue | 5,407,188 | 4,869,374 | (537,814) |
| Capital Projects | 212,659 | 58,659 | (154,000) |
| Fiduciary | 0 | 14 | 14 |
| Total | <u>\$6,949,586</u> | <u>\$6,638,619</u> | <u>(\$310,967)</u> |

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|--------------------|
| General | \$3,122,754 | \$2,124,258 | \$998,496 |
| Special Revenue | 6,505,755 | 4,852,183 | 1,653,572 |
| Capital Projects | 786,261 | 280,831 | 505,430 |
| Fiduciary | 1,847 | 0 | 1,847 |
| Total | <u>\$10,416,617</u> | <u>\$7,257,272</u> | <u>\$3,159,345</u> |

2002 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|------------------|
| General | \$1,254,304 | \$1,835,518 | \$581,214 |
| Special Revenue | 4,678,351 | 4,922,443 | 244,092 |
| Capital Projects | 927,900 | 997,116 | 69,216 |
| Fiduciary | 0 | 28 | 28 |
| Total | <u>\$6,860,555</u> | <u>\$7,755,105</u> | <u>\$894,550</u> |

2002 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|--------------------|
| General | \$3,222,893 | \$2,128,561 | \$1,094,332 |
| Special Revenue | 5,260,552 | 4,920,910 | 339,642 |
| Capital Projects | 1,201,650 | 786,264 | 415,386 |
| Fiduciary | 1,818 | 0 | 1,818 |
| Total | <u>\$9,686,913</u> | <u>\$7,835,735</u> | <u>\$1,851,178</u> |

**HOWLAND TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Self Insurance

The Township is also self insured for employee health. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee.

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Trustees:

We have audited the financial statements of Howland Township (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 4, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we did note matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management in a separate letter dated June 4, 2004.

Howland Township
Trumbull County
Independent Accountant's Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

June 4, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
SEPTEMBER 7, 2004**