



**Auditor of State  
Betty Montgomery**



**HOWLAND TOWNSHIP  
TRUMBULL COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board if Trustees:

We have audited the accompanying 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, 2005 and December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Howland Township, Trumbull County, Ohio, as of December 31, 2005 and December 31, 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Road and Bridge Fund, Police District Fund, and Fire District Fund, thereof, for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2005 and December 31, 2004, the Township revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2006 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Betty Montgomery**  
Auditor of State

June 30, 2006

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 UNAUDITED

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 years ended December 31, 2005 and 2004, 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 financial statements to enhance their understanding of the Township's financial performance.

#### Financial Highlights

Key financial highlights for 2005 and 2004 are as follows:

- For fiscal year 2005, the total net cash assets of the Township increased \$347,769 or 33.90%. For fiscal year 2004, the total net cash assets of the Township decreased \$1,441,184 or 58.42%.
- For fiscal year 2005, general cash receipts accounted for \$5,302,210 or 79.92% of total governmental activities cash receipts and program specific cash receipts accounted for \$1,331,959 or 20.08% of total governmental activities cash receipts. For fiscal year 2004, general cash receipts accounted for \$4,813,613 or 76.56% of total governmental activities cash receipts and program specific cash receipts accounted for \$1,473,994 or 23.44% of total governmental activities cash receipts.
- For fiscal year 2005, the Township had \$6,286,400 in cash disbursements related to governmental activities; \$1,331,959 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$5,302,210 were adequate to provide for these programs. For fiscal year 2004, the Township had \$7,728,791 in cash disbursements related to governmental activities; \$1,473,994 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$4,813,613 were not adequate to provide for these programs.
- The Township's major funds are the General Fund, Road and Bridge Fund, Police District Fund, and Fire District Fund. The General Fund, the Township's largest major fund, had cash receipts and other financing receipts of \$1,696,993 and \$1,587,247 in 2005 and 2004, respectively. The cash disbursements and other financing disbursements of the General Fund, totaled \$1,525,323 and \$2,155,363 in 2005 and 2004, respectively. The General Fund's cash balance increased \$171,670 from 2004 to 2005 and decreased \$568,116 from 2003 to 2004.
- The Road and Bridge fund, a Township major fund, had cash receipts of \$1,179,600 and \$1,164,773 in 2005 and 2004, respectively. The Road and Bridge fund had cash disbursements of \$1,127,922 and \$1,346,599 in 2005 and 2004, respectively. The Road and Bridge fund cash balance increased \$51,678 from 2004 to 2005 and decreased \$181,826 from 2003 to 2004.
- The Police District Fund, a Township major fund, had cash receipts and other financing receipts of \$1,455,167 and \$1,431,438 in 2005 and 2004, respectively. The Police District Fund had cash disbursements of \$1,436,417 and \$1,491,532 in 2005 and 2004, respectively. The Police District Fund cash balance increased \$18,750 from 2004 to 2005 and decreased \$60,094 from 2003 to 2004.
- The Fire District Fund, a Township major fund, had cash receipts and other financing receipts of \$1,587,936 and \$1,487,732 in 2005 and 2004, respectively. The Fire District Fund had cash disbursements of \$1,642,415 and \$1,629,396 in 2005 and 2004, respectively. The Fire District Fund cash balance decreased \$54,479 from 2004 to 2005 and decreased \$141,664 from 2003 to 2004.

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 UNAUDITED

#### **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 Assets – 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 four major governmental funds. The General Fund is the largest major fund.

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

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

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer the question, "How did we do financially during 2005 and 2004?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals 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 assets and changes in those assets on a cash basis. This change in net cash assets 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 Assets – 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 Assets – Cash Basis and the Statement of Activities – Cash Basis can be found on pages 12-15 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. All of the funds of the Township are classified as governmental funds.

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, and the Fire District Fund. The analysis of the Township's major governmental funds begins on page 8.



## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 UNAUDITED

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

All of the Township's 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 principals 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 assets and fund cash balances or changes in net assets 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, and Fire District Fund are presented to demonstrate the Township's compliance with annually adopted budgets. The budgetary statements can be found on pages 20-27 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 28-40 of this report.

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

Recall that the Statement of Net Assets – Cash Basis provides the perspective of the Township as a whole. The table below provides a summary of the Township's net cash assets for 2005 and 2004.

	Net Assets	
	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ <u>1,373,492</u>	\$ <u>1,025,723</u>
Total assets	<u>1,373,492</u>	<u>1,025,723</u>
<u>Net Cash Assets</u>		
Restricted	541,947	365,848
Unrestricted	<u>831,545</u>	<u>659,875</u>
Total net cash assets	<u>\$ 1,373,492</u>	<u>\$ 1,025,723</u>

For fiscal year 2005, net cash assets of the Township increased \$347,769 or 33.90%. For fiscal year 2004, net cash assets of the Township decreased \$1,441,184 or 58.42%. The balance of government-wide unrestricted net cash assets of \$831,545 at December 31, 2005 may be used to meet the government's ongoing obligations to citizens and creditors.

**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED

The table below shows the changes in net cash assets for fiscal year 2005 and 2004.

	<b>Change in Net Cash Assets</b>	
	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 658,912	\$ 657,314
Operating grants and contributions	573,047	656,205
Capital grants and contributions	<u>100,000</u>	<u>160,475</u>
Total program cash receipts	<u>1,331,959</u>	<u>1,473,994</u>
General cash receipts:		
Property and other taxes	4,212,592	3,860,995
Unrestricted grants	643,038	509,910
Investment earnings	40,073	19,187
Other	<u>406,507</u>	<u>423,521</u>
Total general cash receipts	<u>5,302,210</u>	<u>4,813,613</u>
Total cash receipts	<u>6,634,169</u>	<u>6,287,607</u>
<b>Cash Disbursements:</b>		
General government	1,513,619	1,431,074
Public safety	3,095,421	4,012,263
Public works	1,111,372	1,120,757
Health	65,935	89,521
Human services	41,349	45,227
Miscellaneous	117,731	96,726
Capital outlay	<u>340,973</u>	<u>933,223</u>
Total cash disbursements	<u>6,286,400</u>	<u>7,728,791</u>
Change in net cash assets	347,769	(1,441,184)
Net cash assets at beginning of year	<u>1,025,723</u>	<u>2,466,907</u>
Net cash assets at end of year	<u>\$ 1,373,492</u>	<u>\$ 1,025,723</u>

**Governmental Activities**

Governmental cash assets increased by \$347,769 in 2005 from 2004 and decreased \$1,441,184 in 2004 from 2003.

General government represents activities related to the governing body as well as activities that directly support Township programs. In 2005, general government cash disbursements totaled \$1,513,619, or 24.08% of total governmental cash disbursements. General government programs were supported by \$649,712 in direct charges to users for services. In 2004, general government cash disbursements totaled \$1,431,074, or 18.528% of total governmental cash disbursements. General government programs were supported by \$661,296 in direct charges to users for services

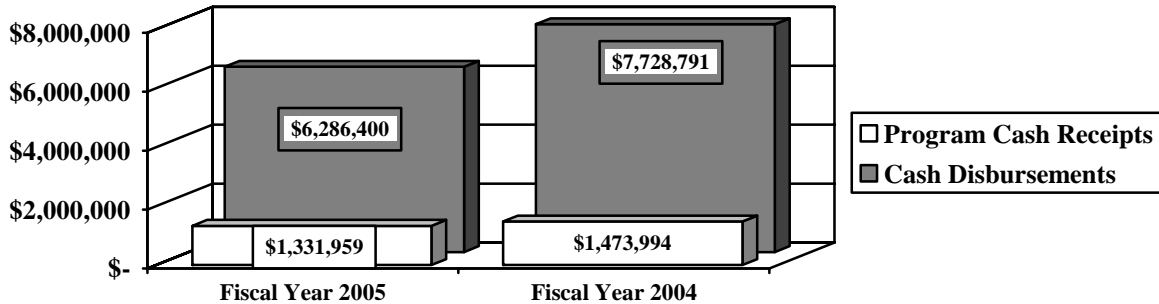
**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED

In 2005 and 2004, the public safety programs accounted for \$3,095,421 and \$4,012,263 of total governmental cash disbursements, respectively. These operations are primarily supported through operating grants and taxes.

The Statement of Activities 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 2005 and 2004. 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**

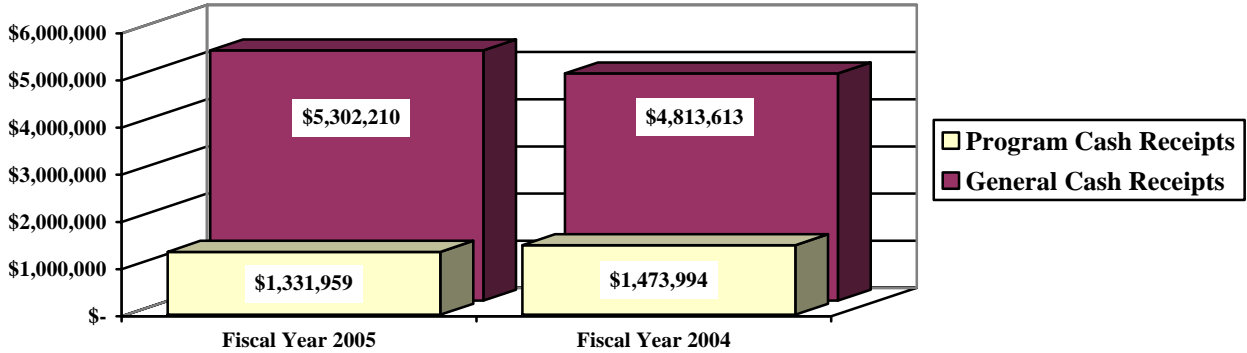
	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
Cash disbursements:				
Current:				
General government	\$ 1,513,619	\$ 856,045	\$ 1,431,074	\$ 769,778
Public safety	3,095,421	2,806,648	4,012,263	3,652,016
Public works	1,111,372	850,166	1,120,757	876,351
Health	65,935	63,760	89,521	85,662
Human services	41,349	41,349	45,227	45,227
Miscellaneous	117,731	117,731	96,726	96,726
Capital outlay	340,973	218,742	933,223	729,037
<b>Total</b>	<b>\$ 6,286,400</b>	<b>\$ 4,954,441</b>	<b>\$ 7,728,791</b>	<b>\$ 6,254,797</b>

The dependence upon general cash receipts for governmental activities is apparent; with 78.81% and 80.93% of cash disbursements supported through taxes and other general cash receipts during 2005 and 2004, respectively.

**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED

**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, 2005, the Township's governmental funds reported a combined fund cash balance of \$1,373,492, which is \$347,769 above last year's total of \$1,025,723. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2005 and December 31, 2004, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2005</u>	<u>Fund Cash Balance</u> <u>December 31, 2004</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 831,545	\$ 659,875	\$ 171,670
Road and Bridge	109,218	57,540	51,678
Police District	41,945	23,195	18,750
Fire District	2,929	57,408	(54,479)
Other Nonmajor Governmental Funds	<u>387,855</u>	<u>227,705</u>	<u>160,150</u>
Total	<u>\$ 1,373,492</u>	<u>\$ 1,025,723</u>	<u>\$ 347,769</u>

**General Fund**

The General Fund, the Township's largest major fund, had cash receipts \$1,684,585 and \$1,489,464 in 2005 and 2004, respectively. The cash disbursements of the General Fund totaled \$1,252,308 and \$1,854,802 in 2005 and 2004, respectively. The above amounts exclude other financing receipts and disbursements. The General Fund's cash balance increased \$171,670 from 2004 to 2005.

**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED

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

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 580,040	\$ 534,544	8.51 %
Intergovernmental	643,038	509,910	26.11 %
Special assessments	1,547	4,339	(64.35) %
License, permits and fees	64,824	57,537	12.66 %
Fines and forfeitures	20,462	30,064	(31.94) %
Investment income	37,960	16,195	134.39 %
Other	<u>336,714</u>	<u>336,875</u>	(0.05) %
Total	<u>\$ 1,684,585</u>	<u>\$ 1,489,464</u>	13.10 %

Investment income cash receipts increased due to higher interest earning investments. All other revenue remained comparable to 2004.

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

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Disbursements</u></b>			
General government	\$ 879,550	\$ 1,379,110	(36.22) %
Public safety	105,896	110,494	(4.16) %
Public works	35,507	37,622	(5.62) %
Health	62,521	74,740	(16.35) %
Miscellaneous	117,731	96,726	100.00 %
Capital outlay	<u>51,103</u>	<u>156,110</u>	(67.26) %
Total	<u>\$ 1,252,308</u>	<u>\$ 1,854,802</u>	(32.48) %

The general government line item had a couple of differences from 2004 to 2005. During 2005, there were out of pocket expenditures by an employee in which the General Fund covered those costs. Also, insurance coverage was extended to an additional three months on top of switching from a self insured plan to a fully insured health insurance plan. In 2004, capital outlay had some uncharacteristic expenditures causing a spike in spending compared to 2005. Some of the items include police computer equipment, a furnace for the senior center, and money on the future wetland project.

***Road and Bridge Fund***

The Road and Bridge Fund, a Township major fund, had cash receipts of \$1,179,600 and \$1,164,773 in 2005 and 2004, respectively. Cash disbursements in this fund were \$1,127,922 and \$1,346,599 in 2005 and 2004, respectively. The above amounts exclude other financing receipts and disbursements. The Road and Bridge Fund cash balance increased \$51,678 from 2004 to 2005.

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 UNAUDITED

#### ***Police District Fund***

The Police District Fund, a Township major fund, had cash receipts of \$1,356,871 and \$1,303,438 in 2005 and 2004, respectively. Cash disbursements in this fund were \$1,436,417 and \$1,491,532 in 2005 and 2004, respectively. The above amounts exclude other financing receipts and disbursements. The Police District Fund cash balance increased \$18,750 from 2004 to 2005.

#### ***Fire District Fund***

The Fire District Fund, a Township major fund, had cash receipts of \$1,553,370 and \$1,442,894 in 2005 and 2004, respectively. Cash disbursements in this fund were \$1,642,415 and \$1,629,396 in 2005 and 2004, respectively. The above amounts exclude other financing receipts and disbursements. The Fire District Fund cash balance decreased \$54,479 from 2004 to 2005.

#### ***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 2005, final budget basis receipts and other financing receipts for the General Fund were \$12,408 above original budget estimates of \$1,259,715. Actual cash receipts and other financing receipts of \$1,696,993 were less than final budget estimates by \$424,870. The final budgetary basis disbursements and other financing disbursements of \$2,190,598 were \$316,306 greater than original budget estimates. The actual budgetary basis disbursements and other financing disbursements of \$1,588,751 were \$601,847 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 \$340,973 and \$933,223 during fiscal year 2005 and 2004, respectively.

##### ***Debt Administration***

The Township did not have any debt outstanding at December 31, 2005 or 2004.

## **HOWLAND TOWNSHIP, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 UNAUDITED**

#### **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, tangible property taxes are being phased out each year. This will cost the Township approximately \$1,500,000 in revenue. Undivided local government tax may be phased out completely which is approximately \$351,000 revenue for the General Fund.

The Township passed replacement levies for the Police and Fire Funds which generated tax dollars on the reappraisal. Previously the Township's General Fund advanced money to cover expenditures to the Police and Fire Funds.

The future of the Township will be based on the current Delphi bankruptcy which employs 3,000 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 Samuel Delaquila, Fiscal Officer, Howland Township, 205 Niles-Cortland Rd. NE, Warren, Ohio 44484.

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**HOWLAND TOWNSHIP, OHIO**  
**STATEMENT OF NET ASSETS - CASH BASIS**  
**DECEMBER 31, 2005**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 1,373,492
Total assets. . . . .	1,373,492
<b>Net cash assets:</b>	
Restricted for:	
Public safety. . . . .	145,308
Public works. . . . .	9,077
Health and human services . . . . .	17,857
Street maintenance and construction . . . . .	208,088
Police and fire services . . . . .	44,874
Capital projects . . . . .	116,743
Unrestricted . . . . .	831,545
Total net cash assets . . . . .	\$ 1,373,492

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**  
**STATEMENT OF NET ASSETS - CASH BASIS**  
**DECEMBER 31, 2004**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 1,025,723
Total assets. . . . .	1,025,723
<b>Net cash assets:</b>	
Restricted for:	
Public safety. . . . .	133,192
Public works. . . . .	5,651
Health and human services . . . . .	23,696
Street maintenance and construction . . . . .	110,298
Police and fire services . . . . .	80,603
Capital projects . . . . .	12,408
Unrestricted . . . . .	659,875
Total net cash assets . . . . .	\$ 1,025,723

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Program Cash Receipts</b>				<b>Net (Cash Disbursements) Cash Receipts and Changes in Net Assets</b>
	<b>Cash Disbursements</b>	<b>Charges for Services</b>	<b>Operating and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>					
Current:					
General government . . . . .	\$ 1,513,619	\$ 649,712	\$ 7,862	\$ -	\$ (856,045)
Public safety . . . . .	3,095,421	4,850	283,923	-	(2,806,648)
Public works . . . . .	1,111,372	-	261,206	-	(850,166)
Health . . . . .	65,935	2,175	-	-	(63,760)
Human services . . . . .	41,349	-	-	-	(41,349)
Miscellaneous . . . . .	117,731	-	-	-	(117,731)
Capital outlay . . . . .	340,973	2,175	20,056	100,000	(218,742)
<b>Total governmental activities . . . . .</b>	<b>\$ 6,286,400</b>	<b>\$ 658,912</b>	<b>\$ 573,047</b>	<b>\$ 100,000</b>	<b>(4,954,441)</b>

**General Cash Receipts:**

Property and other taxes levied for:	
General purposes . . . . .	580,040
Road and bridge improvements . . . . .	1,061,062
Public safety - Police district . . . . .	1,141,153
Public safety - Fire district . . . . .	1,430,337
Grants and entitlements not restricted to specific programs . . . . .	643,038
Investment receipts . . . . .	40,073
Miscellaneous . . . . .	406,507
<b>Total general cash receipts . . . . .</b>	<b>5,302,210</b>
Change in net cash assets . . . . .	347,769
<b>Net cash assets at beginning of year . . . . .</b>	<b>1,025,723</b>
<b>Net cash assets at end of year . . . . .</b>	<b>\$ 1,373,492</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Program Cash Receipts</u>				<u>Net (Cash Disbursements) Cash Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental activities:</b>					
Current:					
General government . . . . .	\$ 1,431,074	\$ 651,181	\$ 10,115	\$ -	\$ (769,778)
Public safety . . . . .	4,012,263	1,771	358,476	-	(3,652,016)
Public works . . . . .	1,120,757	-	244,406	-	(876,351)
Health . . . . .	89,521	3,859	-	-	(85,662)
Human services. . . . .	45,227	-	-	-	(45,227)
Miscellaneous . . . . .	96,726	-	-	-	(96,726)
Capital outlay. . . . .	933,223	503	43,208	160,475	(729,037)
Total governmental activities . . . . .	<u>\$ 7,728,791</u>	<u>\$ 657,314</u>	<u>\$ 656,205</u>	<u>\$ 160,475</u>	<u>(6,254,797)</u>

**General Cash Receipts:**

Property and other taxes levied for:

General purposes . . . . .	534,544
Road and bridge improvements . . . . .	996,517
Public safety - Police district . . . . .	1,032,624
Public safety - Fire district . . . . .	1,297,310
Grants and entitlements not restricted to specific programs. . .	509,910
Investment receipts . . . . .	19,187
Miscellaneous . . . . .	423,521
Total general cash receipts. . . . .	<u>4,813,613</u>
Change in net cash assets . . . . .	(1,441,184)
<b>Net cash assets at beginning of year. . . . .</b>	<u>2,466,907</u>
<b>Net cash assets at end of year . . . . .</b>	<u>\$ 1,025,723</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents . . . . .	\$ 831,545	\$ 109,218	\$ 41,945	\$ 2,929	\$ 387,855	\$ 1,373,492
Total assets . . . . .	<u>\$ 831,545</u>	<u>\$ 109,218</u>	<u>\$ 41,945</u>	<u>\$ 2,929</u>	<u>\$ 387,855</u>	<u>\$ 1,373,492</u>
<b>Fund cash balances:</b>						
Reserved for encumbrances. . . . .	\$ 63,428	\$ 2,829	\$ 220	\$ 108	\$ 16,201	\$ 82,786
Unreserved, undesignated, reported in:						
General fund. . . . .	768,117	-	-	-	-	768,117
Special revenue funds . . . . .	-	106,389	41,725	2,821	268,494	419,429
Capital projects funds . . . . .	-	-	-	-	103,160	103,160
Total fund cash balances . . . . .	<u>\$ 831,545</u>	<u>\$ 109,218</u>	<u>\$ 41,945</u>	<u>\$ 2,929</u>	<u>\$ 387,855</u>	<u>\$ 1,373,492</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 659,875	\$ 57,540	\$ 23,195	\$ 57,408	\$ 227,705
Total assets . . . . .	<u>\$ 659,875</u>	<u>\$ 57,540</u>	<u>\$ 23,195</u>	<u>\$ 57,408</u>	<u>\$ 227,705</u>
<b>Fund cash balances:</b>					
Reserved for encumbrances. . . . .	\$ 62,292	\$ 4,638	\$ 1,654	\$ 25,567	\$ 10,672
Unreserved, undesignated, reported in:					
General fund. . . . .	597,583	-	-	-	-
Special revenue funds . . . . .	-	52,902	21,541	31,841	204,625
Capital projects funds . . . . .	-	-	-	-	12,408
Total fund cash balances . . . . .	<u>\$ 659,875</u>	<u>\$ 57,540</u>	<u>\$ 23,195</u>	<u>\$ 57,408</u>	<u>\$ 227,705</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Total  
Governmental  
Funds**

\$ 1,025,723

\$ 1,025,723

\$ 104,823

597,583

310,909

12,408

\$ 1,025,723

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<b>General</b>	<b>Road and Bridge</b>	<b>Police District</b>	<b>Fire District</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Cash receipts:</b>						
Taxes . . . . .	\$ 580,040	\$ 1,061,062	\$ 1,141,153	\$ 1,430,337	\$ -	\$ 4,212,592
Intergovernmental . . . . .	643,038	116,511	174,867	117,287	264,382	1,316,085
Special assessments . . . . .	1,547	-	-	-	7,392	8,939
Charges for services . . . . .	-	-	-	-	564,426	564,426
License, permits and fees . . . . .	64,824	-	-	-	4,350	69,174
Fines, forfeitures and penalties . . . . .	20,462	-	1,250	-	3,600	25,312
Interest . . . . .	37,960	-	-	-	2,113	40,073
Contributions and donations . . . . .	-	-	-	155	40	195
Miscellaneous . . . . .	336,714	2,027	39,601	5,591	13,440	397,373
Total cash receipts . . . . .	<u>1,684,585</u>	<u>1,179,600</u>	<u>1,356,871</u>	<u>1,553,370</u>	<u>859,743</u>	<u>6,634,169</u>
<b>Cash disbursements:</b>						
Current:						
General government . . . . .	879,550	19,155	22,700	28,289	563,925	1,513,619
Public safety . . . . .	105,896	-	1,399,592	1,589,933	-	3,095,421
Public works . . . . .	35,507	947,988	-	-	127,877	1,111,372
Health . . . . .	62,521	-	-	-	3,414	65,935
Human services . . . . .	-	-	-	-	41,349	41,349
Miscellaneous . . . . .	117,731	-	-	-	-	117,731
Capital outlay . . . . .	51,103	160,779	14,125	24,193	90,773	340,973
Total cash disbursements . . . . .	<u>1,252,308</u>	<u>1,127,922</u>	<u>1,436,417</u>	<u>1,642,415</u>	<u>827,338</u>	<u>6,286,400</u>
Excess (deficiency) of cash receipts over (under) cash disbursements . . . . .	<u>432,277</u>	<u>51,678</u>	<u>(79,546)</u>	<u>(89,045)</u>	<u>32,405</u>	<u>347,769</u>
<b>Other financing receipts (disbursements):</b>						
Advances in . . . . .	-	-	84,000	34,566	-	118,566
Advances out . . . . .	(118,566)	-	-	-	-	(118,566)
Transfers in . . . . .	12,408	-	14,296	-	140,153	166,857
Transfers out . . . . .	(154,449)	-	-	-	(12,408)	(166,857)
Total other financing receipts (disbursements) . . . . .	<u>(260,607)</u>	<u>-</u>	<u>98,296</u>	<u>34,566</u>	<u>127,745</u>	<u>-</u>
Net change in fund cash balances . . . . .	171,670	51,678	18,750	(54,479)	160,150	347,769
<b>Fund cash balances</b>						
at beginning of year . . . . .	659,875	57,540	23,195	57,408	227,705	1,025,723
Fund cash balances at end of year . . . . .	<u>\$ 831,545</u>	<u>\$ 109,218</u>	<u>\$ 41,945</u>	<u>\$ 2,929</u>	<u>\$ 387,855</u>	<u>\$ 1,373,492</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>General</b>	<b>Road and Bridge</b>	<b>Police District</b>	<b>Fire District</b>	<b>Other Governmental Funds</b>
<b>Cash receipts:</b>					
Taxes . . . . .	\$ 534,544	\$ 996,517	\$ 1,032,624	\$ 1,297,310	\$ -
Intergovernmental . . . . .	509,910	158,099	230,830	133,921	293,830
Special assessments . . . . .	4,339	-	-	-	3,749
Charges for services . . . . .	-	-	-	-	563,580
License, permits and fees . . . . .	57,537	-	-	-	4,362
Fines, forfeitures and penalties . . . . .	30,064	-	1,225	-	546
Interest . . . . .	16,195	-	-	-	2,992
Contributions and donations . . . . .	-	-	-	3,242	500
Miscellaneous . . . . .	336,875	10,157	38,759	8,421	17,479
Total cash receipts . . . . .	<u>1,489,464</u>	<u>1,164,773</u>	<u>1,303,438</u>	<u>1,442,894</u>	<u>887,038</u>
<b>Cash disbursements:</b>					
Current:					
General government . . . . .	1,379,110	15,484	16,173	20,307	-
Public safety . . . . .	110,494	-	1,472,723	1,588,461	840,585
Public works . . . . .	37,622	981,007	-	-	102,128
Health . . . . .	74,740	-	-	-	14,781
Human services . . . . .	-	-	-	-	45,227
Miscellaneous . . . . .	96,726	-	-	-	-
Capital outlay . . . . .	156,110	350,108	2,636	20,628	403,741
Total cash disbursements . . . . .	<u>1,854,802</u>	<u>1,346,599</u>	<u>1,491,532</u>	<u>1,629,396</u>	<u>1,406,462</u>
Excess (deficiency) of cash receipts over (under) cash disbursements . . . . .	<u>(365,338)</u>	<u>(181,826)</u>	<u>(188,094)</u>	<u>(186,502)</u>	<u>(519,424)</u>
<b>Other financing receipts (disbursements):</b>					
Advances in . . . . .	-	-	108,000	7,500	-
Advances out . . . . .	(115,500)	-	-	-	-
Transfers in . . . . .	97,783	-	20,000	37,338	127,723
Transfers out . . . . .	(185,061)	-	-	-	(97,783)
Total other financing receipts (disbursements) . . . . .	<u>(202,778)</u>	<u>-</u>	<u>128,000</u>	<u>44,838</u>	<u>29,940</u>
Net change in fund cash balances . . . . .	(568,116)	(181,826)	(60,094)	(141,664)	(489,484)
<b>Fund cash balances</b>					
at beginning of year . . . . .	<u>1,227,991</u>	<u>239,366</u>	<u>83,289</u>	<u>199,072</u>	<u>717,189</u>
<b>Fund cash balances at end of year . . . . .</b>	<u>\$ 659,875</u>	<u>\$ 57,540</u>	<u>\$ 23,195</u>	<u>\$ 57,408</u>	<u>\$ 227,705</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Total  
Governmental  
Funds**

\$ 3,860,995  
1,326,590  
8,088  
563,580  
61,899  
31,835  
19,187  
3,742  
411,691  
6,287,607

1,431,074  
4,012,263  
1,120,757  
89,521  
45,227  
96,726  
933,223  
7,728,791

(1,441,184)

115,500  
(115,500)  
282,844  
(282,844)  
-

(1,441,184)

2,466,907  
\$ 1,025,723

**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, 2005

	<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 . . . . .	\$ 433,748	\$ 433,748	\$ 580,040	\$ 146,292
Intergovernmental . . . . .	480,857	480,857	643,038	162,181
Special assessments . . . . .	1,157	1,157	1,547	390
License, permits and fees . . . . .	48,475	48,475	64,824	16,349
Fines, forfeitures and penalties . . . . .	15,301	15,301	20,462	5,161
Interest . . . . .	28,386	28,386	37,960	9,574
Miscellaneous . . . . .	251,791	251,791	336,714	84,923
Total budgetary basis receipts . . . . .	<u>1,259,715</u>	<u>1,259,715</u>	<u>1,684,585</u>	<u>424,870</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	1,329,672	1,374,316	942,978	431,338
Public safety . . . . .	149,322	154,335	105,896	48,439
Public works . . . . .	50,068	51,749	35,507	16,242
Health . . . . .	88,160	91,120	62,521	28,599
Miscellaneous . . . . .	166,010	171,584	117,731	53,853
Capital outlay . . . . .	72,059	74,479	51,103	23,376
Total budgetary basis disbursements . . . . .	<u>1,855,291</u>	<u>1,917,583</u>	<u>1,315,736</u>	<u>601,847</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>(595,576)</u>	<u>(657,868)</u>	<u>368,849</u>	<u>1,026,717</u>
<b>Other financing receipts (disbursements):</b>				
Advances out . . . . .	-	(118,566)	(118,566)	-
Transfers in . . . . .	-	12,408	12,408	-
Transfers out . . . . .	(19,000)	(154,449)	(154,449)	-
Total other financing receipts (disbursements) . . . . .	<u>(19,000)</u>	<u>(260,607)</u>	<u>(260,607)</u>	<u>-</u>
Net change in fund cash balance . . . . .	(614,576)	(918,475)	108,242	1,026,717
<b>Fund cash balance at beginning of year . . . . .</b>	597,583	597,583	597,583	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>62,292</u>	<u>62,292</u>	<u>62,292</u>	<u>-</u>
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 45,299</u>	<u>\$ (258,600)</u>	<u>\$ 768,117</u>	<u>\$ 1,026,717</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>Budgetary basis receipts:</b>			
Taxes . . . . .	\$ 426,787	\$ 432,035	\$ 534,544
Intergovernmental . . . . .	407,119	412,125	509,910
Special assessments . . . . .	3,464	3,507	4,339
License, permits and fees . . . . .	45,938	46,503	57,537
Fines, forfeitures and penalties . . . . .	24,004	24,299	30,064
Interest . . . . .	12,930	13,089	16,195
Miscellaneous . . . . .	268,966	272,273	336,875
Total budgetary basis receipts . . . . .	<u>1,189,208</u>	<u>1,203,831</u>	<u>1,489,464</u>
<b>Budgetary basis disbursements:</b>			
Current:			
General government . . . . .	1,767,705	1,889,226	1,441,402
Public safety . . . . .	135,507	144,823	110,494
Public works . . . . .	46,139	49,311	37,622
Health . . . . .	91,660	97,961	74,740
Miscellaneous . . . . .	118,623	126,777	96,726
Capital outlay . . . . .	<u>191,450</u>	<u>204,611</u>	<u>156,110</u>
Total budgetary basis disbursements . . . . .	<u>2,351,084</u>	<u>2,512,709</u>	<u>1,917,094</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>(1,161,876)</u>	<u>(1,308,878)</u>	<u>(427,630)</u>
<b>Other financing receipts (disbursements):</b>			
Advances out . . . . .	-	(115,500)	(115,500)
Transfers in . . . . .	97,783	97,783	97,783
Transfers out . . . . .	<u>(133,561)</u>	<u>(185,061)</u>	<u>(185,061)</u>
Total other financing receipts (disbursements) . . . . .	<u>(35,778)</u>	<u>(202,778)</u>	<u>(202,778)</u>
Net change in fund cash balance . . . . .	(1,197,654)	(1,511,656)	(630,408)
<b>Fund cash balance at beginning of year . . . . .</b>	1,066,365	1,066,365	1,066,365
<b>Prior year encumbrances appropriated . . . . .</b>	<u>161,626</u>	<u>161,626</u>	<u>161,626</u>
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 30,337</u>	<u>\$ (283,665)</u>	<u>\$ 597,583</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Variance with Final Budget Positive (Negative)</b>	
\$	102,509
	97,785
	832
	11,034
	5,765
	3,106
	<u>64,602</u>
	<u>285,633</u>
	447,824
	34,329
	11,689
	23,221
	30,051
	48,501
	<u>595,615</u>
	<u>881,248</u>
	-
	-
	-
	<u>-</u>
	881,248
	-
	-
	<u>-</u>
\$	<u><u>881,248</u></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, 2005

	<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 . . . . .	\$ 1,018,100	\$ 1,018,100	\$ 1,061,062	\$ 42,962
Intergovernmental . . . . .	111,794	111,794	116,511	4,717
Miscellaneous . . . . .	1,945	1,945	2,027	82
Total budgetary basis receipts . . . . .	<u>1,131,839</u>	<u>1,131,839</u>	<u>1,179,600</u>	<u>47,761</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	20,070	20,148	19,155	993
Public works . . . . .	996,215	1,000,116	950,817	49,299
Capital outlay . . . . .	168,456	169,115	160,779	8,336
Total budgetary basis disbursements. . . . .	<u>1,184,741</u>	<u>1,189,379</u>	<u>1,130,751</u>	<u>58,628</u>
Net change in fund cash balance . . . . .	(52,902)	(57,540)	48,849	106,389
<b>Fund cash balance at beginning of year . . . . .</b>	52,902	52,902	52,902	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>4,638</u>	<u>4,638</u>	<u>4,638</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 4,638</u>	<u>\$ -</u>	<u>\$ 106,389</u>	<u>\$ 106,389</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)  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 932,583	\$ 975,361	\$ 996,517	\$ 21,156
Intergovernmental . . . . .	147,956	154,742	158,099	3,357
Miscellaneous . . . . .	9,505	9,941	10,157	216
Total budgetary basis receipts . . . . .	<u>1,090,044</u>	<u>1,140,044</u>	<u>1,164,773</u>	<u>24,729</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	15,115	15,807	15,484	323
Public works . . . . .	962,187	1,006,195	985,645	20,550
Capital outlay . . . . .	341,776	357,408	350,108	7,300
Total budgetary basis disbursements. . . . .	<u>1,319,078</u>	<u>1,379,410</u>	<u>1,351,237</u>	<u>28,173</u>
Net change in fund cash balance . . . . .	(229,034)	(239,366)	(186,464)	52,902
<b>Fund cash balance at beginning of year . . . . .</b>	229,034	229,034	229,034	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>10,332</u>	<u>10,332</u>	<u>10,332</u>	-
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 10,332</u>	<u>\$ -</u>	<u>\$ 52,902</u>	<u>\$ 52,902</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  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 974,281	\$ 1,110,152	\$ 1,141,153	\$ 31,001
Intergovernmental . . . . .	149,296	170,117	174,867	4,750
Fines, forfeitures and penalties . . . . .	1,067	1,216	1,250	34
Miscellaneous . . . . .	33,810	38,525	39,601	1,076
Total budgetary basis receipts . . . . .	<u>1,158,454</u>	<u>1,320,010</u>	<u>1,356,871</u>	<u>36,861</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	20,198	22,776	22,700	76
Public safety . . . . .	1,245,525	1,404,522	1,399,812	4,710
Capital outlay . . . . .	12,568	14,173	14,125	48
Total budgetary basis disbursements . . . . .	<u>1,278,291</u>	<u>1,441,471</u>	<u>1,436,637</u>	<u>4,834</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>(119,837)</u>	<u>(121,461)</u>	<u>(79,766)</u>	<u>41,695</u>
<b>Other financing receipts (disbursements):</b>				
Advances in . . . . .	84,000	84,000	84,000	-
Transfers in . . . . .	14,296	14,296	14,296	-
Total other financing receipts (disbursements) . . . . .	<u>98,296</u>	<u>98,296</u>	<u>98,296</u>	<u>-</u>
Net change in fund cash balance . . . . .	(21,541)	(23,165)	18,530	41,695
<b>Fund cash balance at beginning of year . . . . .</b>	21,541	21,541	21,541	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>1,654</u>	<u>1,654</u>	<u>1,654</u>	<u>-</u>
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 1,654</u>	<u>\$ 30</u>	<u>\$ 41,725</u>	<u>\$ 41,695</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  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<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 . . . . .	\$ 802,409	\$ 1,018,688	\$ 1,032,624	\$ 13,936
Intergovernmental . . . . .	179,368	227,715	230,830	3,115
Fines, forfeitures and penalties. . . . .	952	1,208	1,225	17
Miscellaneous . . . . .	30,118	38,236	38,759	523
Total budgetary basis receipts . . . . .	<u>1,012,847</u>	<u>1,285,847</u>	<u>1,303,438</u>	<u>17,591</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	13,215	16,216	16,173	43
Public safety . . . . .	1,204,721	1,478,277	1,474,377	3,900
Capital outlay . . . . .	2,154	2,643	2,636	7
Total budgetary basis disbursements. . . . .	<u>1,220,090</u>	<u>1,497,136</u>	<u>1,493,186</u>	<u>3,950</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements. . . . .	<u>(207,243)</u>	<u>(211,289)</u>	<u>(189,748)</u>	<u>21,541</u>
<b>Other financing receipts (disbursements):</b>				
Advances in . . . . .	108,000	108,000	108,000	-
Transfers in. . . . .	20,000	20,000	20,000	-
Total other financing receipts (disbursements) . . . . .	<u>128,000</u>	<u>128,000</u>	<u>128,000</u>	<u>-</u>
Net change in fund cash balance . . . . .	(79,243)	(83,289)	(61,748)	21,541
<b>Fund cash balance at beginning of year . . . . .</b>	79,243	79,243	79,243	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>4,046</u>	<u>4,046</u>	<u>4,046</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 4,046</u>	<u>\$ -</u>	<u>\$ 21,541</u>	<u>\$ 21,541</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  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 1,307,530	\$ 1,430,333	\$ 1,430,337	\$ 4
Intergovernmental . . . . .	107,217	117,287	117,287	-
Contributions and donations . . . . .	142	155	155	-
Miscellaneous . . . . .	5,111	5,591	5,591	-
Total budgetary basis receipts . . . . .	<u>1,420,000</u>	<u>1,553,366</u>	<u>1,553,370</u>	<u>4</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	25,600	27,457	28,289	(832)
Public safety . . . . .	1,438,913	1,543,268	1,590,041	(46,773)
Capital outlay . . . . .	21,894	23,481	24,193	(712)
Total budgetary basis disbursements. . . . .	<u>1,486,407</u>	<u>1,594,206</u>	<u>1,642,523</u>	<u>(48,317)</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements. . . . .	<u>(66,407)</u>	<u>(40,840)</u>	<u>(89,153)</u>	<u>(48,313)</u>
<b>Other financing receipts (disbursements):</b>				
Advances in . . . . .	<u>34,566</u>	<u>34,566</u>	<u>34,566</u>	<u>-</u>
Total other financing receipts (disbursements) . . . . .	<u>34,566</u>	<u>34,566</u>	<u>34,566</u>	<u>-</u>
Net change in fund cash balance . . . . .	(31,841)	(6,274)	(54,587)	(48,313)
<b>Fund cash balance at beginning of year . . . . .</b>	31,841	31,841	31,841	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>25,567</u>	<u>25,567</u>	<u>25,567</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 25,567</u>	<u>\$ 51,134</u>	<u>\$ 2,821</u>	<u>\$ (48,313)</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  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<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 . . . . .	\$ 1,200,531	\$ 1,285,800	\$ 1,297,310	\$ 11,510
Intergovernmental . . . . .	123,930	132,733	133,921	1,188
Contributions and donations . . . . .	3,000	3,213	3,242	29
Miscellaneous . . . . .	7,793	8,346	8,421	75
Total budgetary basis receipts . . . . .	<u>1,335,254</u>	<u>1,430,092</u>	<u>1,442,894</u>	<u>12,802</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	19,217	20,540	20,307	233
Public safety . . . . .	1,529,313	1,634,597	1,616,028	18,569
Capital outlay . . . . .	19,521	20,865	20,628	237
Total budgetary basis disbursements. . . . .	<u>1,568,051</u>	<u>1,676,002</u>	<u>1,656,963</u>	<u>19,039</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>(232,797)</u>	<u>(245,910)</u>	<u>(214,069)</u>	<u>31,841</u>
<b>Other financing receipts (disbursements):</b>				
Advances in . . . . .	7,500	7,500	7,500	-
Transfers in. . . . .	37,338	37,338	37,338	-
Total other financing receipts (disbursements) . . . . .	<u>44,838</u>	<u>44,838</u>	<u>44,838</u>	<u>-</u>
Net change in fund cash balance . . . . .	(187,959)	(201,072)	(169,231)	31,841
<b>Fund cash balance at beginning of year . . . . .</b>	187,958	187,958	187,958	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>13,114</u>	<u>13,114</u>	<u>13,114</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 13,113</u>	<u>\$ -</u>	<u>\$ 31,841</u>	<u>\$ 31,841</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

#### NOTE 1 - DESCRIPTION OF THE ENTITY

The 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.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). 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. Basis of Presentation

For fiscal years ended 2005 and 2004, the Township has implemented the GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments" format.

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

*Government-Wide Financial Statements* - The Statement of Net Assets and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions.

The Statement of Net Assets presents the cash 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.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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

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

#### **B. Fund Accounting**

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

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

*General Fund* - 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.

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

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

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

#### **C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.



## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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

##### D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriations Ordinance, all of which are prepared on the budgetary basis of accounting. The Tax Budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amount the Township may appropriate.

The Appropriations Ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

The Appropriations Ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

##### E. Cash and 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 2005 and 2004, the Township invested in State Treasury Asset Reserve (STAR Ohio). STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005 and December 31, 2004.

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 2005 was \$37,960 which includes \$13,096 assigned from other Township funds. Interest receipts credited to the General Fund during 2004 was \$16,195 which includes \$5,824 assigned from other Township funds.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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

##### **F. 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, 2005 or 2004.

##### **G. 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.

##### **H. Capital Assets**

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

##### **I. Interfund Receivables/Payables**

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

##### **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 7 and 8, 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.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for public safety, public works, health and human services, street maintenance and construction, police and fire services, and capital projects.

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

**N. Fund Balance Reserves**

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

**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 other financing receipt (disbursement) in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**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. The Township had neither extraordinary nor special items during the fiscal 2005 or 2004.

**NOTE 3 – CHANGES IN BASIS OF ACCOUNTING AND ACCOUNTING PRINCIPLES**

**A. Change in Basis of Accounting**

For the year ended December 31, 2003, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For the years ended December 31, 2005 and 2004, the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

#### NOTE 3 – CHANGES IN BASIS OF ACCOUNTING AND ACCOUNTING PRINCIPLES – (Continued)

##### B. Change in Accounting Principles

For the years ended December 31, 2005 and 2004, the Township has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the Township.

#### NOTE 4 - 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.

Protection of 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.

Interim monies to 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;

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

#### NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 division (1) or (2) of this section 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 debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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, 2005, the carrying amount of all Township deposits was \$121,319. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2005, \$115,847 of the Township's bank balance of \$261,805 was exposed to custodial risk as discussed below, while \$145,958 was covered by Federal Deposit Insurance Corporation.

At December 31, 2004, the carrying amount of all Township deposits was \$248,733. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2005, \$155,542 of the Township's bank balance of \$301,437 was exposed to custodial risk as discussed below, while \$145,895 was covered by Federal Deposit Insurance Corporation.

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.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Investments**

As of December 31, 2005, the Township had the following investments and maturities:

<u>Investment type</u>	<u>Investment Maturity</u>	
	Balance at <u>Fair Value</u>	6 months or less <u>                    </u>
STAR Ohio	<u>\$ 1,252,173</u>	<u>\$ 1,252,173</u>

As of December 31, 2004, the Township had the following investments and maturities:

<u>Investment type</u>	<u>Investment Maturity</u>	
	Balance at <u>Fair Value</u>	6 months or less <u>                    </u>
STAR Ohio	<u>\$ 776,990</u>	<u>\$ 776,990</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.

*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, 2005 and 2004:

<u>Investment type</u>	<u>December 31, 2005</u>		<u>December 31, 2004</u>	
	<u>Fair Value</u>	<u>% of Total</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 1,252,173</u>	<u>100.00%</u>	<u>\$ 776,990</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net Assets as of December 31, 2005 and 2004:

<u>Cash and Investments per footnote</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Carrying amount of deposits	\$ 121,319	\$ 248,733
Investments	<u>1,252,173</u>	<u>776,990</u>
Total	<u>\$ 1,373,492</u>	<u>\$ 1,025,723</u>

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

<u>Cash and Investments per Statement of Net Assets</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Governmental activities	\$ 1,373,492	\$ 1,025,723
Total	<u>\$ 1,373,492</u>	<u>\$ 1,025,723</u>

**NOTE 5 - PROPERTY TAX**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values of real and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

	<u>2005</u>	<u>2004</u>
Real property tax	\$ 367,620,630	\$ 362,497,270
Public utility tangible personal property	9,342,390	9,332,480
Tangible personal property	<u>75,772,352</u>	<u>64,187,784</u>
Total assessed valuation	<u>\$ 452,735,372</u>	<u>\$ 436,017,534</u>

**NOTE 6 - DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The Township's contribution rate for pension benefits for 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's contributions to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$175,932, \$184,241, and \$187,396, respectively; these contributions were sufficient to fulfill the requirements.

#### NOTE 7 - POSTRETIREMENT BENEFIT PLANS

##### Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPER's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 4.00% annually.



## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$82,307. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2004, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

#### **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. 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' deductibles.

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 8 - RISK MANAGEMENT - (Continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 retained earnings at December 31, 2004 and 2003 (the latest information available):

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$ 30,687,203	\$ 27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$ 17,046,241</u>	<u>\$ 16,000,923</u>
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$ 7,799,073	\$ 6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$ 7,045,167</u>	<u>\$ 6,040,104</u>

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

**NOTE 9 - CONTINGENCIES**

There is one pending lawsuit at December 31, 2005 of which the Township is a party to. The Township's legal counsel is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material affect, if any, on the financial condition of the Township.

**NOTE 10 - INTERFUND TRANSACTIONS**

- A.** Advances to/from other funds for the year ended December 31, 2005 and 2004, consisted of the following as reported on the fund financial statements:

<u>Advances From General Fund to:</u>	<u>2005</u>	<u>2004</u>
Police District	\$ 84,000	\$ 108,000
Fire District	34,566	7,500
	<u>\$ 118,566</u>	<u>\$ 115,500</u>

The primary purpose of the interfund advances is to cover costs in specific funds where revenues were not received by December 31. These interfund advances will be repaid once the anticipated revenues are received. All interfund advances are expected to be repaid within one year.

- B.** Interfund transfers for the year ended December 31, 2005 and 2004, consisted of the following, as reported on the fund financial statements:

<u>Transfers from General Fund to:</u>	<u>2005</u>	<u>2004</u>
Police District	\$ 14,296	\$ 20,000
Fire District	-	37,338
Nonmajor Governmental Funds	140,153	127,723
<u>Transfers from Nonmajor Governmental Funds to:</u>		
Major General Fund	12,408	97,783

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 transfers between governmental funds are eliminated for reporting in the Statement of Activities.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**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 are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2005, the encumbrances outstanding at year end (budgetary basis) amounted to \$63,428 for the General Fund, \$2,829 for the Road and Bridge Fund, \$220 for the Police District Fund, and \$108 for the Fire District Fund. At December 31, 2004, the encumbrances outstanding at year end (budgetary basis) amounted to \$62,292 for the General Fund, \$4,638 for the Road and Bridge Fund, \$1,654 for the Police District Fund, and \$25,567 for the Fire District Fund.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' 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 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, 2005 and December 31, 2004, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**Compliance**

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

Howland Township  
Trumbull County  
Independent Accountants Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for 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 30, 2006



**Auditor of State  
Betty Montgomery**

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

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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 5, 2006**