



Mary Taylor, CPA  
Auditor of State



HOWLAND TOWNSHIP  
TRUMBULL COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

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

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

As discussed in Note 1, 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, 2007, and the respective changes in cash financial position thereof and the respective budgetary comparisons for the General Fund, Road and Bridge Fund, Police District Fund and Fire District Fund for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

September 30, 2008

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 (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 year ended December 31, 2007, within the limitations of the Township's cash basis of accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the basic financial statements to enhance their understanding of the Township's financial performance.

#### **Financial Highlights**

Key financial highlights for 2007 are as follows:

- For fiscal year 2007, the total net cash assets of the Township increased \$864,827 or 33.07%.
- For fiscal year 2007, general cash receipts accounted for \$6,891,724 or 83.30% of total governmental activities cash receipts and program specific cash receipts accounted for \$1,381,425 or 16.70% of total governmental activities cash receipts.
- For fiscal year 2007, the Township had \$7,408,322 in cash disbursements related to governmental activities; \$1,381,425 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$6,891,724 were 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 \$2,032,692. The cash disbursements and other financing disbursements of the General Fund, totaled \$1,546,740. The General Fund's cash balance increased \$485,952 from 2006 to 2007.
- The Road and Bridge Fund, a Township major fund, had cash receipts of \$1,280,758. The Road and Bridge Fund had cash disbursements and other financing disbursements of \$1,054,473. The Road and Bridge Fund's cash balance increased \$226,285 from 2006 to 2007.
- The Police District Fund, a Township major fund, had cash receipts of \$1,813,967. The Police District Fund had cash disbursements of \$1,692,423. The Police District Fund's cash balance increased \$121,544 from 2006 to 2007.
- The Fire District Fund, a Township major fund, had cash receipts of \$2,176,676. The Fire District Fund had cash disbursements of \$2,055,146. The Fire District Fund's cash balance increased \$121,530 from 2006 to 2007.

#### **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.

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 (Unaudited)

#### **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 2007?” 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 12-13 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 YEAR ENDED DECEMBER 31, 2007 (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 14-15 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 16-19 of this report.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. A private-purpose trust fund is the Township's only fiduciary fund type. The fiduciary fund financial statements can be found on pages 20-21 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 22-34 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 2007 and 2006.

	Net Assets	
	Governmental Activities	
	2007	2006
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 3,480,104	\$ 2,615,277
Total assets	<u>3,480,104</u>	<u>2,615,277</u>
<u>Net Cash Assets</u>		
Restricted	830,745	603,182
Unrestricted	<u>2,649,359</u>	<u>2,012,095</u>
Total net cash assets	<u>\$ 3,480,104</u>	<u>\$ 2,615,277</u>

**HOWLAND TOWNSHIP, OHIO**

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

For fiscal year 2007, net cash assets of the Township increased \$864,827 or 33.07%. The balance of government-wide unrestricted net cash assets of \$2,649,359 at December 31, 2007 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal year 2007 and 2006.

	<b>Change in Net Cash Assets</b>	
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 682,809	\$ 673,583
Operating grants and contributions	585,033	738,629
Capital grants and contributions	<u>113,583</u>	<u>21,760</u>
Total program cash receipts	<u>1,381,425</u>	<u>1,433,972</u>
General cash receipts:		
Property and other taxes	5,589,323	5,232,448
Unrestricted grants	748,676	1,014,590
Investment earnings	155,267	104,278
Other	<u>398,458</u>	<u>364,976</u>
Total general cash receipts	<u>6,891,724</u>	<u>6,716,292</u>
Total cash receipts	<u>8,273,149</u>	<u>8,150,264</u>
<b>Cash Disbursements:</b>		
General government	998,824	1,091,756
Public safety	4,145,871	4,020,963
Public works	1,188,466	1,277,170
Health	86,926	73,311
Human services	56,978	84,119
Miscellaneous	61,654	58,098
Capital outlay	<u>869,603</u>	<u>303,062</u>
Total cash disbursements	<u>7,408,322</u>	<u>6,908,479</u>
Change in net cash assets	864,827	1,241,785
Net cash assets at beginning of year	<u>2,615,277</u>	<u>1,373,492</u>
Net cash assets at end of year	<u>\$ 3,480,104</u>	<u>\$ 2,615,277</u>

**HOWLAND TOWNSHIP, OHIO**

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

**Governmental Activities**

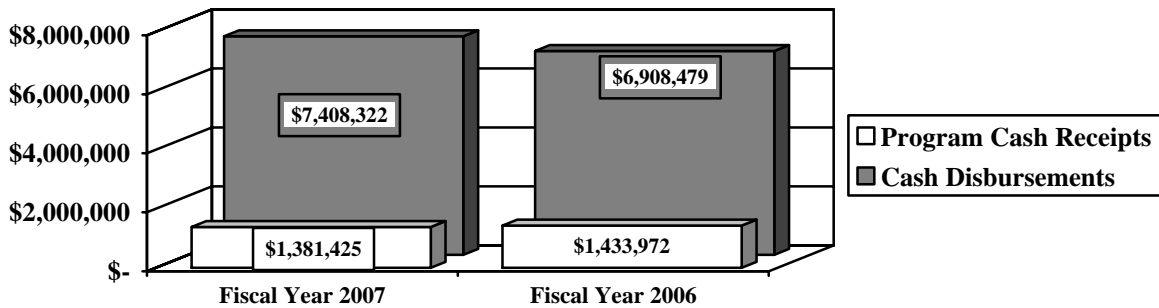
Governmental cash assets increased by \$864,827 in 2007 from 2006.

General government represents activities related to the governing body as well as activities that directly support Township programs. In 2007, general government cash disbursements totaled \$998,824 or 13.48% of total governmental cash disbursements. General government programs were supported by \$84,700 in direct charges to users for services and \$2,434 in operating and contributing grants.

In 2007, the public safety programs accounted for \$4,145,871 or 55.96% of total governmental cash disbursements. Public safety programs were supported by \$408,310 in direct uses charge and \$166,426 in operating and contributing grants.

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 2007 and 2006. 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**

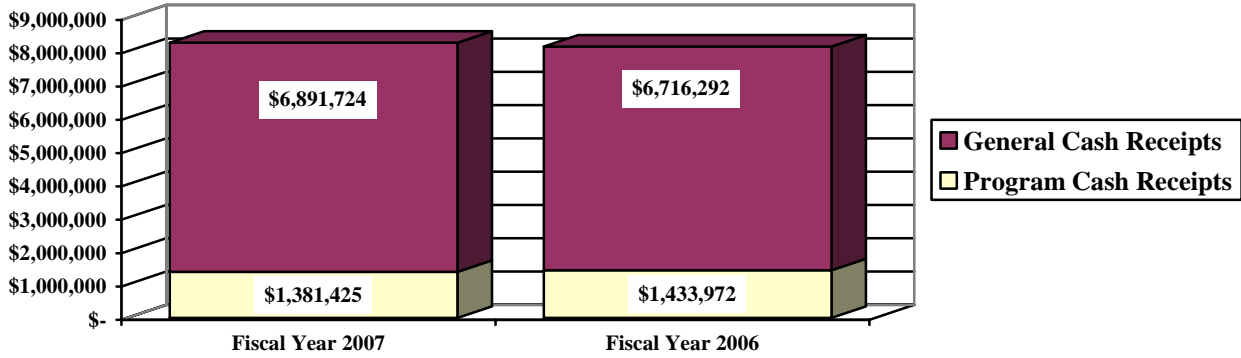
	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Cash disbursements:				
Current:				
General government	\$ 998,824	\$ 911,690	\$ 1,091,756	\$ 986,994
Public safety	4,145,871	3,571,135	4,020,963	3,141,827
Public works	1,188,466	880,627	1,277,170	991,269
Health	86,926	86,902	73,311	73,311
Human services	56,978	13,003	84,119	38,356
Miscellaneous	61,654	(7,331)	58,098	(8,417)
Capital outlay	869,603	570,871	303,062	251,167
<b>Total</b>	<b>\$ 7,408,322</b>	<b>\$ 6,026,897</b>	<b>\$ 6,908,479</b>	<b>\$ 5,474,507</b>

**HOWLAND TOWNSHIP, OHIO**

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

The dependence upon general cash receipts for governmental activities is apparent; with 81.35% of cash disbursements supported through taxes and other general cash receipts during 2007.

**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, 2007, the Township's governmental funds reported a combined fund cash balance of \$3,480,104, which is \$864,827 above last year's total of \$2,615,277. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2007, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2007</u>	<u>Fund Cash Balance</u> <u>December 31, 2006</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 2,134,675	\$ 1,648,723	\$ 485,952
Road and Bridge	428,342	202,057	226,285
Police District	235,957	114,413	121,544
Fire District	184,036	62,506	121,530
Other Nonmajor Governmental Funds	<u>497,094</u>	<u>587,578</u>	<u>(90,484)</u>
<b>Total</b>	<u><u>\$ 3,480,104</u></u>	<u><u>\$ 2,615,277</u></u>	<u><u>\$ 864,827</u></u>

**HOWLAND TOWNSHIP, OHIO**

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

**General Fund**

The General Fund, the Township's largest major fund, had cash receipts \$1,986,430 and cash disbursements of \$1,219,875. These amounts exclude other financing receipts and disbursements, which consisted of advances in for \$46,262, and transfers out in the amount of \$326,865. The General Fund's cash balance increased \$485,952 from 2006 to 2007.

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

	<u>2007</u>	<u>2006</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 627,366	\$ 600,031	4.56 %
Intergovernmental	817,661	1,081,105	(24.37) %
Special assessments	9,289	729	1,174.21 %
License, permits and fees	55,839	77,381	(27.84) %
Fines and forfeitures	24,418	21,352	14.36 %
Investment income	149,666	97,860	52.94 %
Contributions and donations	550	-	100.00 %
Other	<u>301,641</u>	<u>269,070</u>	12.11 %
Total	<u>\$ 1,986,430</u>	<u>\$ 2,147,528</u>	(7.50) %

Intergovernmental revenue decreased due to the phasing out of the undivided local government funding from the State of Ohio. Special assessment receipts increased due to new specific projects during 2007. Investment income cash receipts increased due to higher interest rates during 2007 compared to rates in 2006. License, permits and fees decreased due to decreased issuance of zoning permits. Other receipts were comparable to the previous year.

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

	<u>2007</u>	<u>2006</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Cash Disbursements</u></b>			
General government	\$ 939,013	\$ 1,022,320	(8.15) %
Public safety	18,182	-	100.00 %
Public works	-	105,841	(100.00) %
Health	86,076	73,311	17.41 %
Human Services	8,545	38,501	(77.81) %
Miscellaneous	61,654	58,098	6.12 %
Capital outlay	<u>106,405</u>	<u>55,410</u>	92.03 %
Total	<u>\$ 1,219,875</u>	<u>\$ 1,353,481</u>	(9.87) %

Public safety disbursements increased because the General Fund provided assistance for funding the fire department during 2007, but no assistance was provide to police or fire by the General Fund during 2006. Public works disbursements decreased due to the completion of paving projects in 2006 – encumbrances were made during 2007 but no payments were due from the General Fund in 2007. Human services decreased due to fees paid to the senior center during 2006 which did not occur during 2007. Capital outlay increased due to new projects taken on by the Township.

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 (Unaudited)

Other disbursements remained relatively consistent with the previous year.

#### ***Road and Bridge Fund***

The Road and Bridge Fund, a Township major fund, had cash receipts of \$1,280,758 in 2007. Cash disbursements and other financing disbursements in this fund were \$1,054,473 in 2007. The Road and Bridge Fund's cash balance increased \$226,285 from 2006 to 2007.

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

The Police District Fund, a Township major fund, had cash receipts of \$1,813,967 and in 2007. Cash disbursements in this fund were \$1,692,423 in 2007. The Police District Fund's cash balance increased \$121,544 from 2006 to 2007.

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

The Fire District Fund, a Township major fund, had cash receipts of \$2,176,676 in 2007. Cash disbursements in this fund were \$2,055,146 in 2007. The Fire District Fund's cash balance increased \$121,530 from 2006 to 2007.

#### ***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 2007, final budget basis receipts and other financing receipts for the General Fund were the same as the original budget estimates of \$1,259,962. Actual cash receipts and other financing receipts of \$2,032,692 were more than final budget estimates by \$772,730. The final budgetary basis disbursements and other financing disbursements were the same as the original budget estimates of \$2,898,142. The actual budgetary basis disbursements and other financing disbursements of \$1,867,257 were \$1,030,885 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 \$869,603 during fiscal year 2007.

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

The Township did not have any debt outstanding at December 31, 2007.

#### **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 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.

## **HOWLAND TOWNSHIP, OHIO**

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

#### **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, 206 Niles-Cortland Rd. NE, Warren, Ohio 44484.

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**HOWLAND TOWNSHIP, OHIO**  
 STATEMENT OF NET ASSETS - CASH BASIS  
 DECEMBER 31, 2007

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 3,480,104
 Total assets. . . . .	 3,480,104
 <b>Net cash assets:</b>	
Restricted for:	
Public safety. . . . .	227,556
Public works. . . . .	9,612
Health and human services . . . . .	91,014
Street maintenance and construction . . . . .	473,646
Police and fire services . . . . .	776
Capital projects . . . . .	28,141
Unrestricted . . . . .	2,649,359
 Total net cash assets . . . . .	 \$ 3,480,104

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<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 Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>					
Current:					
General government . . . . .	\$ 998,824	\$ 84,700	\$ 2,434	\$ -	\$ (911,690)
Public safety . . . . .	4,145,871	408,310	166,426	-	(3,571,135)
Public works . . . . .	1,188,466	9,289	298,550	-	(880,627)
Health . . . . .	86,926	24	-	-	(86,902)
Human services . . . . .	56,978	-	43,975	-	(13,003)
Miscellaneous . . . . .	61,654	-	68,985	-	7,331
Capital outlay . . . . .	869,603	180,486	4,663	113,583	(570,871)
<b>Total governmental activities . . . . .</b>	<b><u>\$ 7,408,322</u></b>	<b><u>\$ 682,809</u></b>	<b><u>\$ 585,033</u></b>	<b><u>\$ 113,583</u></b>	<b><u>(6,026,897)</u></b>

**General Cash Receipts:**

Property and other taxes levied for:

General purposes . . . . .	627,366
Road and bridge improvements . . . . .	1,176,780
Public safety - Police district . . . . .	1,773,278
Public safety - Fire district . . . . .	2,011,899
Grants and entitlements not restricted to specific programs . . . . .	748,676
Investment receipts . . . . .	155,267
Miscellaneous . . . . .	398,458
<b>Total general cash receipts . . . . .</b>	<b><u>6,891,724</u></b>
<b>Change in net cash assets . . . . .</b>	<b>864,827</b>
<b>Net cash assets at beginning of year . . . . .</b>	<b><u>2,615,277</u></b>
<b>Net cash assets at end of year . . . . .</b>	<b><u>\$ 3,480,104</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

	<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 . . . . .	\$ 2,134,675	\$ 428,342	\$ 235,957	\$ 184,036	\$ 497,094	\$ 3,480,104
Total assets . . . . .	<u>\$ 2,134,675</u>	<u>\$ 428,342</u>	<u>\$ 235,957</u>	<u>\$ 184,036</u>	<u>\$ 497,094</u>	<u>\$ 3,480,104</u>
<b>Fund cash balances:</b>						
Reserved for encumbrances. . . . .	\$ 320,517	\$ 212,251	\$ 776	\$ -	\$ 177,463	\$ 711,007
Unreserved, undesignated, reported in:						
General fund. . . . .	1,814,158	-	-	-	-	1,814,158
Special revenue funds . . . . .	-	216,091	235,181	184,036	291,490	926,798
Capital projects funds . . . . .	-	-	-	-	28,141	28,141
Total fund cash balances . . . . .	<u>\$ 2,134,675</u>	<u>\$ 428,342</u>	<u>\$ 235,957</u>	<u>\$ 184,036</u>	<u>\$ 497,094</u>	<u>\$ 3,480,104</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<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>Cash receipts:</b>						
Taxes . . . . .	\$ 627,366	\$ 1,176,780	\$ 1,773,278	\$ 2,011,899	\$ -	\$ 5,589,323
Intergovernmental . . . . .	817,661	99,564	10,018	156,428	363,621	1,447,292
Special assessments . . . . .	9,289	-	-	-	-	9,289
Charges for services . . . . .	-	-	-	-	583,743	583,743
License, permits and fees . . . . .	55,839	-	-	-	8,225	64,064
Fines, forfeitures and penalties . . . . .	24,418	-	805	-	490	25,713
Interest . . . . .	149,666	-	-	-	5,601	155,267
Contributions and donations . . . . .	550	-	-	575	150	1,275
Miscellaneous . . . . .	301,641	4,414	29,866	7,774	53,488	397,183
Total cash receipts . . . . .	<u>1,986,430</u>	<u>1,280,758</u>	<u>1,813,967</u>	<u>2,176,676</u>	<u>1,015,318</u>	<u>8,273,149</u>
<b>Cash disbursements:</b>						
Current:						
General government . . . . .	939,013	-	24,601	30,078	5,132	998,824
Public safety . . . . .	18,182	-	1,613,965	2,025,068	488,656	4,145,871
Public works . . . . .	-	977,048	-	-	211,418	1,188,466
Health . . . . .	86,076	-	-	-	850	86,926
Human services . . . . .	8,545	-	-	-	48,433	56,978
Miscellaneous . . . . .	61,654	-	-	-	-	61,654
Capital outlay . . . . .	106,405	31,163	53,857	-	678,178	869,603
Total cash disbursements . . . . .	<u>1,219,875</u>	<u>1,008,211</u>	<u>1,692,423</u>	<u>2,055,146</u>	<u>1,432,667</u>	<u>7,408,322</u>
Excess of cash receipts over (under) cash disbursements . . . . .	<u>766,555</u>	<u>272,547</u>	<u>121,544</u>	<u>121,530</u>	<u>(417,349)</u>	<u>864,827</u>
<b>Other financing receipts (disbursements):</b>						
Advances in . . . . .	46,262	-	-	-	-	46,262
Advances (out) . . . . .	-	(46,262)	-	-	-	(46,262)
Transfers in . . . . .	-	-	-	-	326,865	326,865
Transfers (out) . . . . .	(326,865)	-	-	-	-	(326,865)
Total other financing receipts (disbursements) . . . . .	<u>(280,603)</u>	<u>(46,262)</u>	<u>-</u>	<u>-</u>	<u>326,865</u>	<u>-</u>
Net change in fund cash balances . . . . .	485,952	226,285	121,544	121,530	(90,484)	864,827
<b>Fund cash balances</b>						
at beginning of year . . . . .	1,648,723	202,057	114,413	62,506	587,578	2,615,277
Fund cash balances at end of year . . . . .	<u>\$ 2,134,675</u>	<u>\$ 428,342</u>	<u>\$ 235,957</u>	<u>\$ 184,036</u>	<u>\$ 497,094</u>	<u>\$ 3,480,104</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)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 388,872	\$ 388,872	\$ 627,366	\$ 238,494
Intergovernmental . . . . .	508,584	508,584	817,661	309,077
Special assessments . . . . .	5,758	5,758	9,289	3,531
License, permits and fees . . . . .	32,855	32,855	55,839	22,984
Fines, forfeitures and penalties . . . . .	15,135	15,135	24,418	9,283
Interest . . . . .	92,770	92,770	149,666	56,896
Contributions and donations . . . . .	341	341	550	209
Miscellaneous . . . . .	186,972	186,972	301,641	114,669
Total budgetary basis receipts . . . . .	<u>1,231,287</u>	<u>1,231,287</u>	<u>1,986,430</u>	<u>755,143</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	789,544	789,544	977,506	(187,962)
Public safety . . . . .	36,000	36,000	18,182	17,818
Public works . . . . .	246,000	246,000	245,649	351
Health . . . . .	82,750	82,750	122,451	(39,701)
Human services . . . . .	23,500	23,500	8,545	14,955
Conservation - Recreation . . . . .	47,500	47,500	-	47,500
Miscellaneous . . . . .	64,500	64,500	61,654	2,846
Capital outlay . . . . .	52,096	52,096	106,405	(54,309)
Total budgetary basis disbursements . . . . .	<u>1,341,890</u>	<u>1,341,890</u>	<u>1,540,392</u>	<u>(198,502)</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>(110,603)</u>	<u>(110,603)</u>	<u>446,038</u>	<u>556,641</u>
<b>Other financing receipts (uses):</b>				
Advances in . . . . .	28,675	28,675	46,262	17,587
Transfers (out) . . . . .	<u>(1,556,252)</u>	<u>(1,556,252)</u>	<u>(326,865)</u>	<u>1,229,387</u>
Total other financing receipts (uses) . . . . .	<u>(1,527,577)</u>	<u>(1,527,577)</u>	<u>(280,603)</u>	<u>1,246,974</u>
Net change in fund cash balance . . . . .	(1,638,180)	(1,638,180)	165,435	1,803,615
<b>Fund cash balance at beginning of year . . . . .</b>	1,612,303	1,612,303	1,612,303	-
<b>Prior year encumbrances appropriated . . . . .</b>	36,420	36,420	36,420	-
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 10,543</u>	<u>\$ 10,543</u>	<u>\$ 1,814,158</u>	<u>\$ 1,803,615</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, 2007

	<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 . . . . .	\$ 1,110,797	\$ 1,110,797	\$ 1,176,780	\$ 65,983
Intergovernmental . . . . .	93,981	93,981	99,564	5,583
Miscellaneous . . . . .	4,167	4,167	4,414	247
Total budgetary basis receipts . . . . .	<u>1,208,945</u>	<u>1,208,945</u>	<u>1,280,758</u>	<u>71,813</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Public works . . . . .	1,317,450	1,317,450	1,182,738	134,712
Capital outlay . . . . .	42,021	42,021	37,724	4,297
Total budgetary basis disbursements. . . . .	<u>1,359,471</u>	<u>1,359,471</u>	<u>1,220,462</u>	<u>139,009</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements. . .	<u>(150,526)</u>	<u>(150,526)</u>	<u>60,296</u>	<u>210,822</u>
<b>Other financing disbursements:</b>				
Advances out . . . . .	<u>(51,531)</u>	<u>(51,531)</u>	<u>(46,262)</u>	<u>5,269</u>
Total other financing disbursements . . . . .	<u>(51,531)</u>	<u>(51,531)</u>	<u>(46,262)</u>	<u>5,269</u>
Net change in fund cash balance . . . . .	(202,057)	(202,057)	14,034	216,091
<b>Fund cash balance at beginning of year . . . . .</b>	189,876	189,876	189,876	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>12,181</u>	<u>12,181</u>	<u>12,181</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,091</u>	<u>\$ 216,091</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
 BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 POLICE DISTRICT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<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 . . . . .	\$ 1,610,266	\$ 1,610,266	\$ 1,773,278	\$ 163,012
Intergovernmental . . . . .	9,097	9,097	10,018	921
Fines, forfeitures and penalties . . . . .	731	731	805	74
Miscellaneous . . . . .	27,121	27,121	29,866	2,745
Total budgetary basis receipts. . . . .	<u>1,647,215</u>	<u>1,647,215</u>	<u>1,813,967</u>	<u>166,752</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	25,607	25,607	24,612	995
Public safety . . . . .	1,679,961	1,679,961	1,614,705	65,256
Capital outlay . . . . .	56,060	56,060	53,882	2,178
Total budgetary basis disbursements. . . . .	<u>1,761,628</u>	<u>1,761,628</u>	<u>1,693,199</u>	<u>68,429</u>
Net change in fund cash balance . . . . .	(114,413)	(114,413)	120,768	235,181
<b>Fund cash balance at beginning of year . . . . .</b>	112,455	112,455	112,455	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>1,958</u>	<u>1,958</u>	<u>1,958</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,181</u>	<u>\$ 235,181</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<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 . . . . .	\$ 1,861,603	\$ 1,861,603	\$ 2,011,899	\$ 150,296
Intergovernmental . . . . .	144,742	144,742	156,428	11,686
Contributions and donations . . . . .	532	532	575	43
Miscellaneous . . . . .	7,193	7,193	7,774	581
Total budgetary basis receipts . . . . .	<u>2,014,070</u>	<u>2,014,070</u>	<u>2,176,676</u>	<u>162,606</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	30,392	30,392	30,078	314
Public safety . . . . .	2,046,184	2,046,184	2,025,068	21,116
Total budgetary basis disbursements. . . . .	<u>2,076,576</u>	<u>2,076,576</u>	<u>2,055,146</u>	<u>21,430</u>
Net change in fund cash balance . . . . .	(62,506)	(62,506)	121,530	184,036
Fund cash balance at beginning of year . . . . .	61,791	61,791	61,791	-
Prior year encumbrances appropriated . . . . .	715	715	715	-
Fund cash balance at end of year. . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,036</u>	<u>\$ 184,036</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



HOWLAND TOWNSHIP, OHIO

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2007

	<u>Private-Purpose Trust</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 94
Total assets. . . . .	<u>94</u>
<b>Net assets:</b>	
Held in trust for other purposes . . . . .	<u>94</u>
Total net assets . . . . .	<u>\$ 94</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	<u>Private-Purpose Trust</u>
<b>Additions:</b>	
Donations . . . . .	\$ 94
<b>Total additions.</b> . . . . .	<u>94</u>
<b>Deductions:</b>	
Other operating expense . . . . .	<u>1,417</u>
<b>Change in net assets</b> . . . . .	(1,323)
<b>Net assets at beginning of year</b> . . . . .	<u>1,417</u>
<b>Net assets at end of year</b> . . . . .	<u>\$ 94</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## HOWLAND TOWNSHIP, OHIO

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

#### 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

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, except for fiduciary funds. 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 YEAR ENDED DECEMBER 31, 2007  
(Continued)

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

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

**B. Fund Accounting**

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

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

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

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

*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.

*Fiduciary Funds* - Fiduciary funds include pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township maintains one private-purpose trust fund for the Howland Relay for Life. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township does not have any agency funds.

**HOWLAND TOWNSHIP, OHIO**

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

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

**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.

**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 Certificated 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".

**HOWLAND TOWNSHIP, OHIO**

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

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

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 2007, the Township invested in the State Treasury Asset Reserve of Ohio (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, 2007.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$149,666 which includes \$53,316 assigned from other Township funds.

**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, 2007.

**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**

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

**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.

**HOWLAND TOWNSHIP, OHIO**

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

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

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

**L. Long-term Obligations**

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

**M. Net 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, and capital projects. The Township had no enabling legislation.

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

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Township had neither extraordinary nor special items during 2007.

**HOWLAND TOWNSHIP, OHIO**

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

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Township has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim moneys are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.



**HOWLAND TOWNSHIP, OHIO**

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

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

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.

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, 2007, the carrying amount of all Township deposits was \$261,847. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, \$260,528 of the Township's bank balance of \$439,834 was exposed to custodial risk as discussed below, while \$179,306 was covered by the 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 106% 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.

**B. Investments**

As of December 31, 2007, 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 <u>less</u>
STAR Ohio	\$ 3,218,351	\$ 3,218,351

*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, 2007:

**HOWLAND TOWNSHIP, OHIO**

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

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

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 3,218,351	100.00%

**C. Reconciliation of Cash and Investment 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, 2007:

<u>Cash and Investments per footnote</u>		
Carrying amount of deposits	\$	261,847
Investments		<u>3,218,351</u>
Total	\$	<u>3,480,198</u>
 <u>Cash and Investments per Statement of Net Assets</u>		
Governmental activities	\$	3,480,104
Private purpose trust fund		<u>94</u>
Total	\$	<u>3,480,198</u>

**NOTE 4 - 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 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2005, were levied after October 1, 2006, 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 revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 12.5% for 2007. This percentage will be reduced to 6.25% for 2008 and zero for 2009. 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.

**HOWLAND TOWNSHIP, OHIO**

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

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

The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real property tax	\$ 419,352,280
Public utility tangible personal property	8,560,900
Tangible personal property	<u>55,664,755</u>
Total assessed valuation	<u>\$ 483,577,935</u>

**NOTE 5- DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. 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 Pension 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 Pension and the 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, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement under the Traditional Pension Plan, were required to contribute 9.5% of their annual covered salaries. Members participating in the Traditional Pension Plan that were in law enforcement contributed 10.1% of their annual covered salary. The Township's contribution rate for pension benefits for 2007 was 13.85% except for those plan members in law enforcement. For those classifications, the Township's pension contributions were 17.17% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions. The Township's required contributions to the Traditional Pension and Combined Plans for the years ended December 31, 2007, 2006, and 2005 were \$187,458, \$206,493, and \$175,932, respectively; equal to 100% of the Township's required contributions for each year.

**HOWLAND TOWNSHIP, OHIO**

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

**NOTE 5 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**B. Ohio Police and Fire Pension Fund**

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

Plan members are required to contribute 10.0% of their annual covered salary, while the Township is required to contribute 24.0% for firefighters. The Township's required contributions to OP&F for firefighters for the years ended December 31, 2007, 2006, and 2005 were \$299,412, \$296,071, and \$276,145, respectively; equal to 100% of the Township's required contributions for each year.

**NOTE 6 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides post-employment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Pension 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 post-employment health care coverage. The health care coverage provided by OPERS is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the Traditional Pension or Combined Plans is set aside for the funding of post-employment health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85% of covered payroll (17.17% for public safety and law enforcement); 5.00% of covered payroll was the portion that was used to fund health care for the period January 1, 2007 through June 30, 2007 and 6.00% of covered payroll was the portion that was used to fund health care for the period July 1, 2007 through December 31, 2007.

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50%, 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 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus and an additional factor ranging from .50% to 5.00% for the next eight years. In subsequent years, (nine and beyond) health care costs were assumed to increase at 4.00%.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

**HOWLAND TOWNSHIP, OHIO**

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

**NOTE 6 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

The number of active contributing participants in the Traditional Pension and Combined Plans was 374,979 as of December 31, 2007. The Township's actual employer contributions for 2007 which were used to fund post-employment benefits were \$93,729. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006 (the latest information available) were \$12.0 billion. At December 31, 2006 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which allowed additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by OP&F is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the OP&F's Board of Trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total firefighter employer contribution rate is 24% of covered payroll, of which 6.75% of covered payroll was applied to the post-employment health care program during 2007. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2007 that were used to fund post-employment benefits were \$96,685 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120.374 million, which was net of member contributions of \$58.533 million. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006 (the latest information available), was 14,120 for police officers and 10,563 for firefighters.

**HOWLAND TOWNSHIP, OHIO**

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

**NOTE 7- 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.

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 \$10,000,000 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. or \$3,000,000 as noted above.

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 \$300,000 up to \$600 million per occurrence.

APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop-loss is reached by payments of losses between \$100,000 and \$300,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**HOWLAND TOWNSHIP, OHIO**

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

**NOTE 7- RISK MANAGEMENT – (Continued)**

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:

<u>Casualty Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Retained earnings	<u>\$ 29,852,866</u>	<u>\$ 29,921,614</u>

At December 31, 2007, liabilities above include approximately \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007. These amounts will be included in future contributions from members when the related claims are due for payment. The Township’s share of these unpaid claims collectible in future years is approximately \$46,680. This payable includes the subsequent year’s contribution due if the Township terminates participation, as described in the last paragraph below.

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

<u>Contributions to OTARMA</u>	
2005	\$57,329
2006	\$60818
2007	\$49,660

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

**HOWLAND TOWNSHIP, OHIO**

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

**NOTE 8- CONTINGENCIES**

The Township is currently not party to any pending litigation.

**NOTE 9- INTERFUND TRANSACTIONS**

- A.** Advances to/from other funds for the year ended December 31, 2007, consisted of the following as reported on the fund financial statements:

Advances from Road and Bridge Fund to:

General Fund	\$ 46,262
	<u>\$ 46,262</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 were repayments of advances made in a previous year.

- B.** Interfund transfers for the year ended December 31, 2007, consisted of the following as reported on the fund financial statements:

Transfers from General Fund to:

Nonmajor Governmental Funds	\$ 326,865
	<u>\$ 326,865</u>

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

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

**NOTE 10 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance – Budget and Actual (Budgetary Basis) presented for the general fund, Road and Bridge fund, Police District fund and Fire District fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2007, the encumbrances outstanding at year end (budgetary basis) amounted to \$320,517 for the general fund, \$212,251 for the Road and Bridge fund, and \$776 for the Police District fund.





# Mary Taylor, CPA

Auditor of State

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

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 (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 30, 2008



**Mary Taylor, CPA**  
Auditor of State

**HOWLAND TOWNSHIP**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 13, 2008**