



Dave Yost • Auditor of State

HOWLAND TOWNSHIP
TRUMBULL COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying 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, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Howland Township, Trumbull County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, Police District, and Fire District funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2016

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (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, 2015, 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 2015 are as follows:

- For 2015, the total net cash position of the Township decreased \$437,290 or 23.10%.
- For 2015, general cash receipts accounted for \$6,289,817 or 80.50% of total governmental activities cash receipts and program specific cash receipts accounted for \$1,523,482 or 19.50% of total governmental activities cash receipts.
- For 2015, the Township had \$8,250,589 in cash disbursements related to governmental activities; \$1,523,482 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$6,289,817 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 had cash receipts of \$1,283,702. The cash disbursements and other financing disbursements of the General Fund, totaled \$1,682,210. The General Fund's cash balance decreased \$398,508 from 2014 to 2015.
- The Road and Bridge Fund, a Township major fund, had cash receipts of \$1,124,634. The Road and Bridge Fund had cash disbursements of \$1,172,612. The Road and Bridge Fund cash balance decreased \$47,978 from 2014 to 2015.
- The Police District Fund, a Township major fund, had cash receipts of \$1,936,868. The Police District Fund had cash disbursements of \$1,916,164. The Police District Fund cash balance increased \$20,704 from 2014 to 2015.
- The Fire District Fund, a Township major fund, had cash receipts of \$2,333,782. The Fire District Fund had cash disbursements of \$2,365,897. The Fire District Fund cash balance decreased \$32,115 from 2014 to 2015.

Using this Cash Basis Basic Financial Statements (BFS)

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

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

Reporting the Township as a Whole

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

The statement of net position – cash basis and the statement of activities – cash basis answers the question, “How did we do financially during 2015?” These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year’s receipts and disbursements if the cash is actually received or paid.

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

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

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

Reporting the Township’s Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the Township’s major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township’s most significant funds. The Township’s major governmental funds are the General Fund, Road and Bridge Fund, Police District Fund, 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, 2015 (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 principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Township programs. Since the Township is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities – cash basis due to transfers between governmental funds being eliminated for reporting in the statement of activities – cash basis. The governmental fund statements can be found on pages 15-18 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 19-22 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. An agency fund is the Township's only fiduciary fund type. The fiduciary fund financial statements can be found on page 23 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 24-43 of this report.

Government-Wide Financial Analysis

Recall that the statement of net position – cash basis provides the perspective of the Township as a whole. The table below provides a summary of the Township's net cash position for 2015 and 2014.

	Net Position	
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 1,455,705	\$ 1,892,995
Total assets	<u>1,455,705</u>	<u>1,892,995</u>
<u>Net Cash Position</u>		
Restricted	984,299	1,023,082
Unrestricted	<u>471,406</u>	<u>869,913</u>
Total net cash position	<u>\$ 1,455,705</u>	<u>\$ 1,892,995</u>

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

For fiscal year 2015, net cash position of the Township decreased \$437,290 or 23.10%. The balance of government-wide unrestricted net cash position of \$471,406 at December 31, 2015 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for 2015 and 2014.

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ 1,031,705	\$ 999,526
Operating grants and contributions	216,714	281,875
Capital grants and contributions	<u>275,063</u>	<u>71,666</u>
Total program cash receipts	<u>1,523,482</u>	<u>1,353,067</u>
General cash receipts:		
Property and other taxes	4,543,838	4,830,247
Unrestricted grants	1,569,251	1,701,603
Tax anticipation note proceeds	-	257,395
Investment earnings	2,871	3,175
Other	<u>173,857</u>	<u>265,234</u>
Total general cash receipts	<u>6,289,817</u>	<u>7,057,654</u>
Total cash receipts	<u>7,813,299</u>	<u>8,410,721</u>
Cash Disbursements:		
General government	1,027,814	1,107,693
Public safety	4,728,667	4,847,101
Public works	1,647,862	1,328,068
Health	111,538	123,937
Human services	14,848	10,558
Miscellaneous	199,683	99,518
Capital outlay	477,019	610,763
Debt service		
Principal retirement	39,055	19,722
Interest and fiscal charges	<u>4,103</u>	<u>1,857</u>
Total cash disbursements	<u>8,250,589</u>	<u>8,149,217</u>
Change in net cash position	(437,290)	261,504
Net cash position at beginning of year	<u>1,892,995</u>	<u>1,631,491</u>
Net cash position at end of year	<u>\$ 1,455,705</u>	<u>\$ 1,892,995</u>

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Governmental Activities

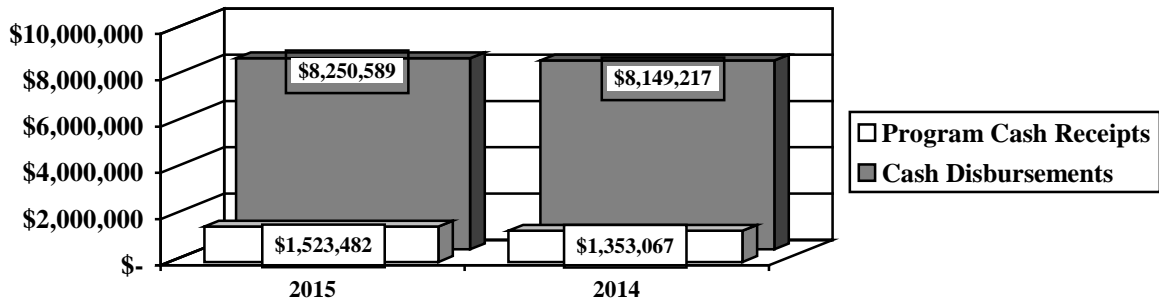
Governmental cash position decreased by \$437,290 in 2015 from 2014.

General government represents activities related to the governing body as well as activities that directly support Township programs. In 2015, general government cash disbursements totaled \$1,027,814 or 12.46% of total governmental cash disbursements. General government programs were supported by \$370,065 in direct charges to users for services and \$290 in operating and contributing grants.

In 2015, the public safety programs accounted for \$4,728,667 or 57.31% of total governmental cash disbursements. Public safety programs were supported by \$625,356 in direct charges and \$33,885 in operating and contributing grants.

The statement of activities – cash basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2015 and 2014. That is, it identifies the cost of these services supported by tax receipts and unrestricted State grants and entitlements.

Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements



Governmental Activities

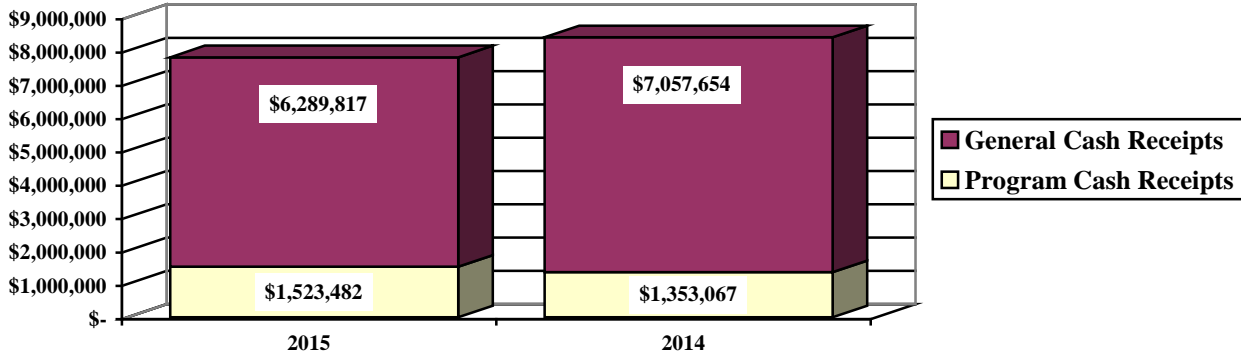
	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Cash disbursements:				
Current:				
General government	\$ 1,027,814	\$ 657,459	\$ 1,107,693	\$ 761,483
Public safety	4,728,667	4,069,426	4,847,101	4,162,450
Public works	1,647,862	1,478,541	1,328,068	1,144,122
Health	111,538	89,524	123,937	102,065
Human services	14,848	14,848	10,558	10,557
Miscellaneous	199,683	199,683	99,518	99,518
Capital outlay	477,019	174,468	610,763	494,376
Debt service				
Principal retirement	39,055	39,055	19,722	19,722
Interest and fiscal charges	4,103	4,103	1,857	1,857
Total	<u>\$ 8,250,589</u>	<u>\$ 6,727,107</u>	<u>\$ 8,149,217</u>	<u>\$ 6,796,150</u>

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

The dependence upon general cash receipts for governmental activities is apparent; with 81.53% of cash disbursements supported through taxes and other general cash receipts during 2015.

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, 2015, the Township's governmental funds reported a combined fund cash balance of \$1,455,705, which is \$437,290 less than last year's total of \$1,892,995. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2015, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2015</u>	<u>Fund Cash Balance</u> <u>December 31, 2014</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 469,489	\$ 867,997	\$ (398,508)
Road and Bridge	42,991	90,969	(47,978)
Police District	159,052	138,348	20,704
Fire District	470,093	502,208	(32,115)
Other Nonmajor Governmental Funds	<u>314,080</u>	<u>293,473</u>	<u>20,607</u>
Total	<u>\$ 1,455,705</u>	<u>\$ 1,892,995</u>	<u>\$ (437,290)</u>

General Fund

The General Fund, had cash receipts \$1,283,702 and cash disbursements and other financing disbursements of \$1,682,210. The General Fund's cash balance decreased \$398,508 from 2014 to 2015.

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 471,723	\$ 513,850	(8.20) %
Intergovernmental	359,122	427,084	(15.91) %
Special assessments	5,870	4,831	21.51 %
License, permits and fees	351,902	329,937	6.66 %
Fines and forfeitures	13,590	10,998	23.57 %
Investment income	2,413	3,175	(24.00) %
Other	<u>79,082</u>	<u>282,851</u>	(72.04) %
Total	<u>\$ 1,283,702</u>	<u>\$ 1,572,726</u>	(18.38) %

Intergovernmental income cash receipts decreased primarily due to the second half of the decrease in estate taxes. Other receipts decreased primarily due to refunds received for a fire truck purchase in fiscal year 2014 and no refunds received in fiscal year 2015. All other receipts remained comparable to the prior fiscal year on either a percentage basis or an immaterial dollar amount.

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
General government	\$ 958,600	\$ 1,031,734	(7.09) %
Public safety	49,360	92,714	(46.76) %
Public works	333,512	-	100.00 %
Health	69,515	86,767	(19.88) %
Human services	14,848	10,558	40.63 %
Miscellaneous	134,933	99,518	35.59 %
Capital outlay	70,771	253,147	(72.04) %
Debt service:			
Principal retirement	34,447	17,418	97.77 %
Interest and fiscal charges	<u>4,103</u>	<u>1,857</u>	120.95 %
Total	<u>\$ 1,670,089</u>	<u>\$ 1,593,713</u>	4.79 %

Public safety decreased due primarily to decreases in fuel disbursements and police and fire repairs. Public Works increased due to an increase in disbursements for the road and highway paving program. Health disbursements decreased in 2015 due to a decrease in land utilization disbursements. Miscellaneous disbursements increased due to an increase in road and highway materials and supplies. Capital outlay decreased due to fewer equipment purchases primarily related to the ambulances bought in fiscal year 2014. Debt service disbursements increased due to payments for loans being full year payments for fiscal year 2015 instead of partial year payments for 2014.

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Road and Bridge Fund

The Road and Bridge Fund, a Township major fund, had cash receipts of \$1,124,634 in 2015. Cash disbursements in this fund were \$1,172,612 in 2015. The Road and Bridge Fund cash balance decreased \$47,978 from 2014 to 2015.

Police District Fund

The Police District Fund, a Township major fund, had cash receipts of \$1,936,868 in 2015. Cash disbursements in this fund were \$1,916,164 in 2015. The Police District Fund cash balance increased \$20,704 from 2014 to 2015.

Fire District Fund

The Fire District Fund, a Township major fund, had cash receipts of \$2,333,782 in 2015. Cash disbursements in this fund were \$2,365,897 in 2015. The Fire District Fund cash balance decreased \$32,115 from 2014 to 2015.

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 2015, original and final budget estimated resources were \$1,108,321 for the General Fund. Actual cash receipts of \$1,283,702 were more than final budget estimates by \$175,381. The original and final budgetary basis disbursements and other financing disbursements were \$2,030,462. The actual budgetary basis disbursements and other financing disbursements of \$1,770,433 were \$260,029 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 \$477,019 during 2015.

Debt Administration

The Township had the following debt outstanding at December 31, 2015:

	Governmental Activities 2015
Ohio Public Works Commission (OPWC) loan	\$ 85,247
Ambulance tax anticipation notes	<u>128,003</u>
Total long-term obligations	<u>\$ 213,250</u>

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

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (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, with the reduction in Tangible Personal Property Tax and Undivided Local Government, the loss of revenue is ongoing. Another loss is the inheritance tax that is always unexpected income and allows the Township to provide paving projects, equipment, etc.

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

Contacting the Township's Financial Management

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

HOWLAND TOWNSHIP, OHIO

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2015

	Governmental Activities
	<hr/>
Assets:	
Equity in pooled cash and cash equivalents	\$ 1,455,705
	<hr/>
Total assets	1,455,705
	<hr/>
Net cash position:	
Restricted for:	
Public safety	833,258
Public works	42,991
Health and human services	12,157
Street maintenance and construction	75,015
Capital projects	20,878
Unrestricted	471,406
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Total net cash position	\$ 1,455,705
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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HOWLAND TOWNSHIP, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Current:					
General government	\$ 1,027,814	\$ 370,065	\$ 290	\$ -	\$ (657,459)
Public safety	4,728,667	625,356	33,885	-	(4,069,426)
Public works	1,647,862	5,870	163,451	-	(1,478,541)
Health	111,538	22,014	-	-	(89,524)
Human services	14,848	-	-	-	(14,848)
Miscellaneous	199,683	-	-	-	(199,683)
Capital outlay	477,019	8,400	19,088	275,063	(174,468)
Debt service:					
Principal retirement	39,055	-	-	-	(39,055)
Interest and fiscal charges	4,103	-	-	-	(4,103)
Total governmental activities	\$ 8,250,589	\$ 1,031,705	\$ 216,714	\$ 275,063	(6,727,107)

General cash receipts:

Property and other taxes levied for:

General purposes	471,723
Road and bridge improvements	848,362
Public safety - police district	1,442,204
Public safety - fire district	1,781,549
Grants and entitlements not restricted to specific programs	1,569,251
Investment receipts	2,871
Miscellaneous	173,857
Total general cash receipts	6,289,817
Change in net cash position	(437,290)
Net cash position at beginning of year	1,892,995
Net cash position at end of year	\$ 1,455,705

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

STATEMENT OF ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 469,489	\$ 42,991	\$ 159,052	\$ 470,093
Total assets	<u>\$ 469,489</u>	<u>\$ 42,991</u>	<u>\$ 159,052</u>	<u>\$ 470,093</u>
Fund cash balances:				
Restricted:				
Public safety	\$ -	\$ -	\$ 159,052	\$ 470,093
Public works	-	42,991	-	-
Health and human services	-	-	-	-
Street maintenance and construction	-	-	-	-
Capital projects	-	-	-	-
Committed:				
Health and human services	-	-	-	-
Assigned:				
Encumbrances - general government	35,505	-	-	-
Encumbrances - public safety	5,500	-	-	-
Encumbrances - public works	47,218	-	-	-
Encumbrances - subsequent year appropriations	381,266	-	-	-
Total fund cash balances	<u>\$ 469,489</u>	<u>\$ 42,991</u>	<u>\$ 159,052</u>	<u>\$ 470,093</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 314,080	\$ 1,455,705
<u>\$ 314,080</u>	<u>\$ 1,455,705</u>
\$ 204,113	\$ 833,258
-	42,991
12,157	12,157
75,015	75,015
20,878	20,878
1,917	1,917
-	35,505
-	5,500
-	47,218
-	381,266
<u>\$ 314,080</u>	<u>\$ 1,455,705</u>

HOWLAND TOWNSHIP, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>
Cash receipts:				
Taxes	\$ 471,723	\$ 848,363	\$ 1,442,205	\$ 1,781,551
Intergovernmental	359,122	247,302	441,703	530,872
Special assessments	5,870	-	-	-
Charges for services	-	-	-	-
License, permits and fees	351,902	-	-	-
Fines, forfeitures and penalties	13,590	-	350	-
Interest	2,413	-	-	-
Contributions and donations	280	-	-	15,590
Miscellaneous	78,802	28,969	52,610	5,769
Total cash receipts	<u>1,283,702</u>	<u>1,124,634</u>	<u>1,936,868</u>	<u>2,333,782</u>
Cash disbursements:				
Current:				
General government	958,600	-	28,280	34,934
Public safety	49,360	-	1,887,884	2,194,820
Public works	333,512	1,159,395	-	-
Health	69,515	-	-	-
Human services	14,848	-	-	-
Miscellaneous	134,933	-	-	-
Capital outlay	70,771	13,217	-	136,143
Debt service:				
Principal retirement	34,447	-	-	-
Interest and fiscal charges	4,103	-	-	-
Total cash disbursements	<u>1,670,089</u>	<u>1,172,612</u>	<u>1,916,164</u>	<u>2,365,897</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>(386,387)</u>	<u>(47,978)</u>	<u>20,704</u>	<u>(32,115)</u>
Other financing receipts (disbursements):				
Transfers in	-	-	-	-
Transfers (out)	(12,121)	-	-	-
Total other financing receipts (disbursements)	<u>(12,121)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund cash balances	(398,508)	(47,978)	20,704	(32,115)
Fund cash balances				
at beginning of year	867,997	90,969	138,348	502,208
Fund cash balances at end of year	<u>\$ 469,489</u>	<u>\$ 42,991</u>	<u>\$ 159,052</u>	<u>\$ 470,093</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,543,842
463,762	2,042,761
-	5,870
630,120	630,120
29,266	381,168
606	14,546
458	2,871
-	15,870
10,101	176,251
<u>1,134,313</u>	<u>7,813,299</u>
6,000	1,027,814
596,603	4,728,667
154,955	1,647,862
42,023	111,538
-	14,848
64,750	199,683
256,888	477,019
4,608	39,055
-	4,103
<u>1,125,827</u>	<u>8,250,589</u>
<u>8,486</u>	<u>(437,290)</u>
12,121	12,121
-	(12,121)
<u>12,121</u>	<u>-</u>
20,607	(437,290)
293,473	1,892,995
<u>\$ 314,080</u>	<u>\$ 1,455,705</u>

HOWLAND TOWNSHIP, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Taxes	\$ 449,262	\$ 449,262	\$ 471,723	\$ 22,461
Intergovernmental	359,059	359,059	359,122	63
Special assessments	-	-	5,870	5,870
License, permits and fees	290,750	290,750	351,902	61,152
Fines, forfeitures and penalties	-	-	13,590	13,590
Interest	-	-	2,413	2,413
Contributions and donations	-	-	280	280
Miscellaneous	9,250	9,250	78,802	69,552
Total budgetary basis receipts.	<u>1,108,321</u>	<u>1,108,321</u>	<u>1,283,702</u>	<u>175,381</u>
Budgetary basis disbursements:				
Current:				
General government	1,187,824	1,149,022	994,105	154,917
Public safety	49,925	64,925	54,860	10,065
Public works	380,730	380,730	380,730	-
Health	71,500	82,000	69,515	12,485
Human services	12,000	16,600	14,848	1,752
Miscellaneous	95,000	147,000	134,933	12,067
Capital outlay	156,733	139,233	70,771	68,462
Debt service:				
Principal retirement	34,447	34,447	34,447	-
Interest and fiscal charges	4,103	4,103	4,103	-
Total budgetary basis disbursements	<u>1,992,262</u>	<u>2,018,060</u>	<u>1,758,312</u>	<u>259,748</u>
Excess of budgetary basis expenditures over budgetary basis receipts	<u>(883,941)</u>	<u>(909,739)</u>	<u>(474,610)</u>	<u>435,129</u>
Other financing sources (uses):				
Transfers (out)	<u>(38,200)</u>	<u>(979)</u>	<u>(12,121)</u>	<u>(11,142)</u>
Total other financing sources (uses)	<u>(38,200)</u>	<u>(979)</u>	<u>(12,121)</u>	<u>(11,142)</u>
Net change in fund cash balance	(922,141)	(910,718)	(486,731)	423,987
Fund cash balance at beginning of year	475,474	475,474	475,474	-
Prior year encumbrances appropriated	392,523	392,523	392,523	-
Fund cash balance at end of year	<u>\$ (54,144)</u>	<u>\$ (42,721)</u>	<u>\$ 381,266</u>	<u>\$ 423,987</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Taxes	\$ 869,642	\$ 869,642	\$ 848,363	\$ (21,279)
Intergovernmental	245,409	245,409	247,302	1,893
Miscellaneous	-	-	28,969	28,969
Total budgetary basis receipts	<u>1,115,051</u>	<u>1,115,051</u>	<u>1,124,634</u>	<u>9,583</u>
Budgetary basis disbursements:				
Current:				
Public works	1,160,157	1,183,569	1,159,845	23,724
Capital outlay	35,375	14,420	13,217	1,203
Total budgetary basis disbursements.	<u>1,195,532</u>	<u>1,197,989</u>	<u>1,173,062</u>	<u>24,927</u>
Net change in fund cash balance	(80,481)	(82,938)	(48,428)	34,510
Fund cash balance at beginning of year	71,006	71,006	71,006	-
Prior year encumbrances appropriated	9,475	9,475	9,475	-
Fund cash balance at end of year.	<u>\$ -</u>	<u>\$ (2,457)</u>	<u>\$ 32,053</u>	<u>\$ 34,510</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Taxes	\$ 1,480,499	\$ 1,479,131	\$ 1,442,205	\$ (36,926)
Intergovernmental	427,737	427,737	441,703	13,966
Fines, forfeitures and penalties	-	-	350	350
Miscellaneous	30,000	30,000	52,610	22,610
Total budgetary basis receipts	<u>1,938,236</u>	<u>1,936,868</u>	<u>1,936,868</u>	<u>-</u>
Budgetary basis disbursements:				
Current:				
General government	35,100	35,100	28,280	6,820
Public safety	<u>2,023,979</u>	<u>2,026,706</u>	<u>1,887,884</u>	<u>138,822</u>
Total budgetary basis disbursements	<u>2,059,079</u>	<u>2,061,806</u>	<u>1,916,164</u>	<u>145,642</u>
Net change in fund cash balance	(120,843)	(124,938)	20,704	145,642
Fund cash balance at beginning of year . . .	<u>120,843</u>	<u>120,843</u>	<u>120,843</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ -</u>	<u>\$ (4,095)</u>	<u>\$ 141,547</u>	<u>\$ 145,642</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Taxes	\$ 1,800,986	\$ 1,781,550	\$ 1,781,550	\$ -
Intergovernmental	553,270	546,559	530,874	(15,685)
Contributions and donations	-	-	3,095	3,095
Miscellaneous	3,000	3,000	15,590	12,590
Total budgetary basis receipts	<u>2,357,256</u>	<u>2,331,109</u>	<u>2,331,109</u>	<u>-</u>
Budgetary basis disbursements:				
Current:				
General government	40,000	37,000	35,264	1,736
Public safety	2,391,924	2,368,777	2,209,982	158,795
Capital outlay	<u>402,304</u>	<u>402,304</u>	<u>137,132</u>	<u>265,172</u>
Total budgetary basis disbursements	<u>2,834,228</u>	<u>2,808,081</u>	<u>2,382,378</u>	<u>425,703</u>
Net change in fund cash balance	(476,972)	(476,972)	(51,269)	425,703
Fund cash balance at beginning of year	446,823	446,823	446,823	-
Prior year encumbrances appropriated	<u>30,149</u>	<u>30,149</u>	<u>30,149</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 425,703</u>	<u>\$ 425,703</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2015

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	<u>\$ 21,609</u>
Total assets	<u>\$ 21,609</u>
Liabilities:	
Deposits held and due to others	<u>\$ 21,609</u>
Total liabilities	<u>\$ 21,609</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 - DESCRIPTION OF THE TOWNSHIP

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.D., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Township's accounting policies:

A. Reporting Entity

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

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

Ohio Township Association Risk Management Authority

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

B. Basis of Presentation

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

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

The statement of net position presents the cash balance of the governmental activities of the Township at year-end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

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

C. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary. The Township has no proprietary funds.

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

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

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

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

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

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

D. Basis of Accounting

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

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

E. Budgetary Process

All funds except agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amount the Township may appropriate.

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

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

F. Cash and Cash Equivalents

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “equity in pooled cash and cash equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2015, 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 shares price, which is the price the investment could be sold for on December 31, 2015.

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 2015 were \$2,413 which includes \$1,078 assigned from other Township funds.

G. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not have any restricted assets at December 31, 2015.

H. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

I. Capital Assets

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-term Obligations

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

M. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

N. Fund Balance

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

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

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

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Trustees, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

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

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

O. Interfund Activity

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2015.

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.

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2015, the carrying amount of all Township deposits was \$1,470,929. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2015, \$943,798 of the Township's bank balance of \$1,698,677 was exposed to custodial risk as discussed below, while \$754,879 was covered by the FDIC.

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

B. Investments

As of December 31, 2015, the Township had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	<u>\$ 6,385</u>	<u>\$ 6,385</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, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 6,385</u>	<u>100.00</u>

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of financial position as of December 31, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,470,929
Investments	<u>6,385</u>
Total	<u>\$ 1,477,314</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 1,455,705
Agency fund	<u>21,609</u>
Total	<u>\$ 1,477,314</u>

NOTE 4 - PROPERTY TAX

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

The full tax rate for all Township operations for the year ended December 31, 2015 was \$13.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 4 - PROPERTY TAX (Continued)

	<u>2015</u>
<u>Real Property</u>	
Residential/agricultural	\$ 304,689,680
Commercial/industrial/mineral	82,351,070
<u>Public Utility</u>	
Real	244,930
Personal	<u>8,385,200</u>
Total assessed valuation	<u>\$ 395,670,880</u>

NOTE 5 - DEBT OBLIGATIONS

Transactions for the year ended December 31, 2015 are summarized as follows:

<u>Description</u>	<u>Balance</u> <u>December 31, 2014</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>December 31, 2015</u>
Ohio Public Works Commission (OPWC) loan	\$ 89,855	\$ -	\$ (4,608)	\$ 85,247
Ambulance tax anticipation notes	<u>162,450</u>	<u>-</u>	<u>(34,447)</u>	<u>128,003</u>
Total	<u>\$ 252,305</u>	<u>\$ -</u>	<u>\$ (39,055)</u>	<u>\$ 213,250</u>

The OPWC loan was issued in fiscal years 2013 and 2014 to fund the Township's culvert replacement project. The OPWC loan is a 20 year, interest free loan. Principal payments were paid from the culvert replacement capital projects fund in fiscal year 2015.

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 5 - DEBT OBLIGATIONS (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2015, are as follows:

Year Ending December 31,	Principal	<u>Loans</u> Interest	Total
2016	\$ 39,971	\$ 3,188	\$ 43,159
2017	40,929	2,229	43,158
2018	41,905	1,254	43,159
2019	23,629	253	23,882
2020	4,608	-	4,608
2021 - 2025	23,040	-	23,040
2026 - 2030	23,040	-	23,040
2031 - 2034	<u>16,128</u>	<u>-</u>	<u>16,128</u>
Total	<u>\$ 213,250</u>	<u>\$ 6,924</u>	<u>\$ 220,174</u>

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

NOTE 6 - PENSION PLAN

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 - PENSION PLAN (Continued)

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

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

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

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 - PENSION PLAN (Continued)

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
 2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$317,027 for year 2015.

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

Plan Description - Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 - PENSION PLAN (Continued)

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

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

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

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

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

	Police	Firefighters
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF was \$322,825 for 2015.

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 7 - POSTEMPLOYMENT BENEFIT PLAN

OPERS - Plan Description

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

In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Entity to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

OPERS - Funding Policy

The Ohio Revised Code provides the statutory Entity requiring public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employees contributed at a rate of 10% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employers units. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2% during calendar year 2015.

The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Township's contributions allocated to postemployment health care for the years ended December 31, 2015, 2014, and 2013 were \$45,649, \$45,936 and \$22,537, respectively.

Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 7 - POSTEMPLOYMENT BENEFIT PLAN (Continued)

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for firefighters was \$6,869 for the year ended December 31, 2015, \$6,565 for the year ended December 31, 2014, and \$47,646, for the year ended December 31, 2013. 100% has been contributed for 2014 and 2013 and 91.49% has been contributed for firefighters for 2015.

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 8 - RISK MANAGEMENT

Risk Pool Membership

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

Casualty Coverage

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

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

Property Coverage

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

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

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

Financial Position

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

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

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 8 - RISK MANAGEMENT - (Continued)

At December 31, 2014 and 2013, respectively, liabilities noted above include approximately \$8.5 million and \$8.5 million of estimated incurred claims payable. The assets and net position above also include approximately \$7.2 million and \$7.4 million of unpaid claims to be billed to 957 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims is approximately \$61,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

<u>Contributions to OTARMA</u>	
2015	\$63,866
2014	\$62,010
2013	\$61,361

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

NOTE 9 - CONTINGENT LIABILITIES

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

NOTE 10 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2015, consisted of the following as reported on the fund financial statements:

Transfers from general fund to:

Nonmajor governmental funds \$ 12,121

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 10 - INTERFUND TRANSACTIONS (Continued)

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 11 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund, road and bridge fund, police district fund and fire district fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as an assigned or restricted fund balance (cash basis). At December 31, 2015, the encumbrances outstanding at year end (budgetary basis) amounted to \$88,223 for the general fund, \$450 for the road and bridge fund, \$16,480 for the fire district fund.

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2015, the Township has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 effected the Township's pension plan disclosures, as presented in Note 6 to the financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The implementation of GASB Statement No. 71 did not have an effect on the financial statements of the Township.

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 13 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 88,223
Road and bridge	450
Fire district	16,480
Other governmental funds	13,777
Total	<u>\$ 118,930</u>

NOTE 14 – SUBSEQUENT EVENT

On January 7, 2016 the Township received a loan in the amount of \$112,162 for the purchase of an ice removal truck. The loan is for a period of five years and has an interest rate of 2.67%.



Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howland Township, Trumbull County, Ohio (the Township), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 15, 2016, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2016

HOWLAND TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015

1. Budget Versus Actual Financial Statements

<i>Finding Number</i>	2015-001
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MATERIAL WEAKNESS

Ohio Administrative Code Chapter 117-2-01 provides that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. "Internal control" means a process affected by an entity's governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives over the reliability of financial reporting.

The Township did not have procedures in place to help ensure the budget versus actual financial statements accurately reflected budget and actual balances. We noted General Fund budgetary basis disbursement balances in the original budgeted, final budgeted, and actual disbursement columns were misstated. The largest misstatement of \$217,987 was noted in the Capital Outlay final budgeted amount. In addition, we also noted misstatements in actual taxes and intergovernmental receipts for the General, Road & Bridge, and Police funds. In each case, taxes were overstated and intergovernmental was understated in the amounts of \$46,164, \$115,409, and \$207,737 for each fund, respectively. The Township has adjusted their financial statements accordingly.

The Township should review the draft financial statements to help ensure all amounts are properly recorded and classified.

Official's Response: The Township did not provide a response.

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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
OCTOBER 25, 2016**