



Mary Taylor, CPA
Auditor of State

HOWLAND TOWNSHIP
TRUMBULL COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Assets – Cash Basis	13
Statement of Activities – Cash Basis	14
Fund Financial Statements:	
Statement of Assets and Fund Cash Balances –Governmental Funds	15
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances-Governmental Funds.....	16
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance- Budget and Actual (Budgetary Basis)-General Fund.....	17
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance- Budget and Actual (Budgetary Basis)-Road and Bridge Fund	18
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance- Budget and Actual (Budgetary Basis)-Police District Fund.....	19
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance- Budget and Actual (Budgetary Basis)-Fire District Fund	20
Statement of Fiduciary Net Assets-Fiduciary Fund	21
Statement of Changes in Fiduciary Net Assets-Fiduciary Fund	22
Notes to the Basic Financial Statements	23
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	39

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howland Township, Trumbull County, (the Township), as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Howland Township, Trumbull County, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Road and Bridge Fund, Police District Fund, and Fire District Fund for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

June 18, 2010

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (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, 2008, 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 2008 are as follows:

- For fiscal year 2008, the total net cash assets of the Township decreased \$720,937 or 20.72%.
- For fiscal year 2008, general cash receipts accounted for \$6,769,379 or 82.07% of total governmental activities cash receipts and program specific cash receipts accounted for \$1,479,134 or 17.93% of total governmental activities cash receipts.
- For fiscal year 2008, the Township had \$8,969,450 in cash disbursements related to governmental activities; \$1,479,134 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$6,769,379 were not adequate to provide for these programs.
- The Township's major funds are the general fund, road and bridge fund, police district and fire district funds. The general fund, the Township's largest major fund, had cash receipts and other financing receipts of \$2,087,298. The cash disbursements and other financing disbursements of the general fund, totaled \$2,593,690. The general fund's cash balance decreased \$506,392 from 2007 to 2008.
- The road and bridge fund, a Township major fund, had cash receipts of \$1,253,349. The road and bridge fund had cash disbursements of \$1,596,119. The road and bridge fund cash balance decreased \$342,770 from 2007 to 2008.
- The police district fund, a Township major fund, had cash receipts of \$1,787,193. The police district fund had cash disbursements of \$1,738,937. The police district fund cash balance increased \$48,256 from 2007 to 2008.
- The fire district fund, a Township major fund, had cash receipts of \$2,110,065. The fire district fund had cash disbursements of \$2,175,853. The Fire District fund cash balance decreased \$65,788 from 2007 to 2008.

Using this Cash Basis Basic Financial Statements (BFS)

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

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (Unaudited)

Reporting the Township as a Whole

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

The statement of net assets – cash basis and the statement of activities – cash basis answer the question, “How did we do financially during 2008?” These statements include *only net assets* 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 assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Township as a whole, the cash basis financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Township’s property tax base, current property tax laws in Ohio, availability of federal and state funding, facility conditions, mandated federal and state programs and other factors.

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

In the statement of net assets – cash basis and the statement of activities – cash basis, the governmental activities include the Township’s programs and services, including police and fire protection, road and bridge maintenance and repair, and ambulance services. The statement of net assets – cash basis and the statement of activities – cash basis can be found on pages 12-13 of this report.

Reporting the Township’s Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the Township’s major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township’s most significant funds. The Township’s major governmental funds are the general fund, road and bridge fund, police district fund, and the fire district fund. The analysis of the Township’s major governmental funds begins on page 8.

HOWLAND TOWNSHIP, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)**

Governmental Funds

All of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Township programs. Since the Township is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities – cash basis due to transfers between governmental funds being eliminated for reporting in the statement of activities – cash basis. The governmental fund statements can be found on pages 14-15 of this report.

The Township's budgetary process accounts for transactions on the budgetary basis of accounting. The difference between the budgetary basis of accounting and the cash basis of accounting is that encumbrances at year-end are recorded as a disbursement on the budgetary basis of accounting whereas on the cash basis, the disbursement is only recorded when cash is paid. The budgetary statements for the general fund, road and bridge fund, police district fund and fire district fund are presented to demonstrate the Township's compliance with annually adopted budgets. The budgetary statements can be found on pages 16-19 of this report.

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-36 of this report.

Government-Wide Financial Analysis

Recall that the statement of net assets – cash basis provides the perspective of the Township as a whole. The table below provides a summary of the Township's net cash assets for 2008 and 2007.

	Net Assets	
	Governmental Activities	
	2008	2007
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 2,759,167	\$ 3,480,104
Total assets	<u>2,759,167</u>	<u>3,480,104</u>
<u>Net Cash Assets</u>		
Restricted	681,228	830,745
Unrestricted	<u>2,077,939</u>	<u>2,649,359</u>
Total net cash assets	<u>\$ 2,759,167</u>	<u>\$ 3,480,104</u>

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

For fiscal year 2008, net cash assets of the Township decreased \$720,937 or 20.72%. The balance of government-wide unrestricted net cash assets of \$2,077,939 at December 31, 2008 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal year 2008 and 2007.

	Change in Net Cash Assets	
	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ 750,237	\$ 682,809
Operating grants and contributions	645,288	585,033
Capital grants and contributions	<u>83,609</u>	<u>113,583</u>
Total program cash receipts	<u>1,479,134</u>	<u>1,381,425</u>
General cash receipts:		
Property and other taxes	5,326,391	5,589,323
Unrestricted grants	747,639	748,676
Investment earnings	79,144	155,267
Other	<u>616,205</u>	<u>398,458</u>
Total general cash receipts	<u>6,769,379</u>	<u>6,891,724</u>
Total cash receipts	<u>8,248,513</u>	<u>8,273,149</u>
Cash Disbursements:		
General government	1,208,109	998,824
Public safety	4,295,135	4,145,871
Public works	2,198,225	1,188,466
Health	112,762	86,926
Human services	54,049	56,978
Miscellaneous	68,956	61,654
Conservation - recreation	56,773	-
Capital outlay	<u>975,441</u>	<u>869,603</u>
Total cash disbursements	<u>8,969,450</u>	<u>7,408,322</u>
Change in net cash assets	(720,937)	864,827
Net cash assets at beginning of year	<u>3,480,104</u>	<u>2,615,277</u>
Net cash assets at end of year	<u>\$ 2,759,167</u>	<u>\$ 3,480,104</u>

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

Governmental Activities

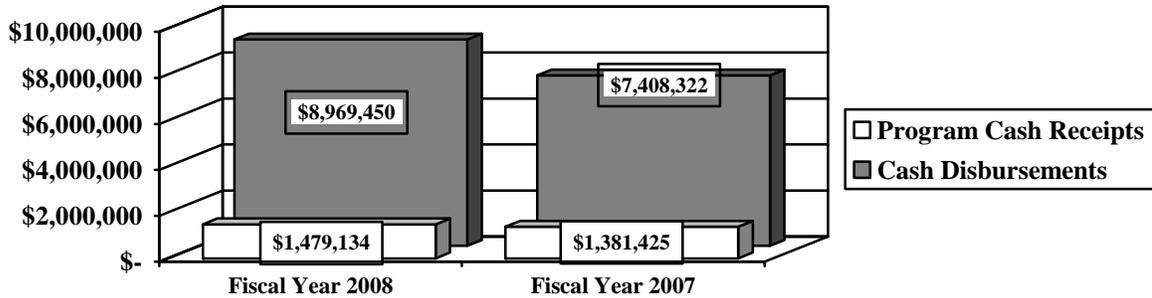
Governmental cash assets decreased by \$720,937 in 2008 from 2007.

General government represents activities related to the governing body as well as activities that directly support Township programs. In 2008, general government cash disbursements totaled \$1,208,109 or 13.47% of total governmental cash disbursements. General government programs were supported by \$67,923 in direct charges to users for services and \$3,097 in operating and contributing grants.

In 2008, the public safety programs accounted for \$4,295,135 or 47.89% of total governmental cash disbursements. Public safety programs were supported by \$548,778 in direct uses charge and \$207,836 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 2008 and 2007. 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

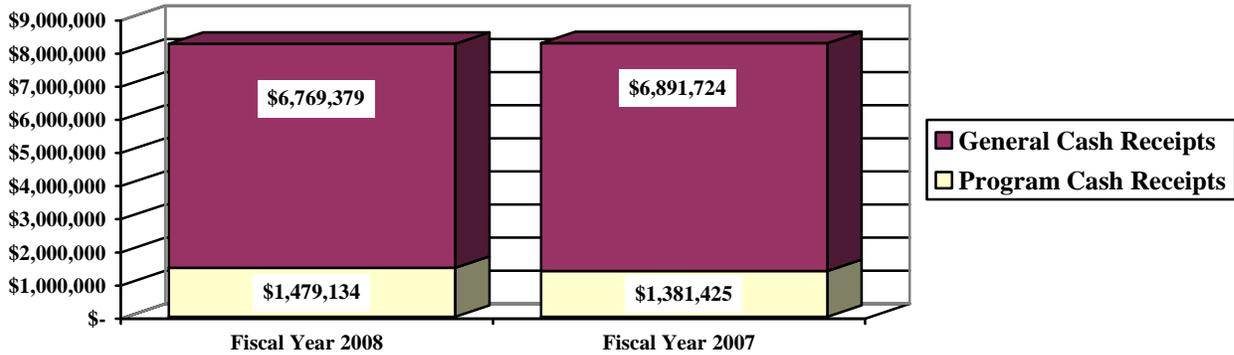
	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Cash disbursements:				
Current:				
General government	\$ 1,208,109	\$ 1,137,089	\$ 998,824	\$ 911,690
Public safety	4,295,135	3,538,521	4,145,871	3,571,135
Public works	2,198,225	1,887,781	1,188,466	880,627
Health	112,762	107,247	86,926	86,902
Human services	54,049	30,062	56,978	13,003
Miscellaneous	68,956	(391)	61,654	(7,331)
Conservation - recreation	56,773	56,773	-	-
Capital outlay	975,441	733,234	869,603	570,871
Total	<u>\$ 8,969,450</u>	<u>\$ 7,490,316</u>	<u>\$ 7,408,322</u>	<u>\$ 6,026,897</u>

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

The dependence upon general cash receipts for governmental activities is apparent; with 83.51% of cash disbursements supported through taxes and other general cash receipts during 2008.

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, 2008, the Township's governmental funds reported a combined fund cash balance of \$2,759,167, which is \$720,937 below last year's total of \$3,480,104. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2008, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2008</u>	<u>Fund Cash Balance</u> <u>December 31, 2007</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 1,628,283	\$ 2,134,675	\$ (506,392)
Road and Bridge	85,572	428,342	(342,770)
Police District	284,213	235,957	48,256
Fire District	118,248	184,036	(65,788)
Other Nonmajor Governmental Funds	<u>642,851</u>	<u>497,094</u>	<u>145,757</u>
Total	<u>\$ 2,759,167</u>	<u>\$ 3,480,104</u>	<u>\$ (720,937)</u>

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

General Fund

The general fund, the Township's largest major fund, had cash receipts \$2,046,298 and cash disbursements of \$2,360,660. These amounts exclude other financing receipts and disbursements, which consisted of transfers in for \$41,000, and transfers out in the amount of \$233,030. The general fund's cash balance decreased \$506,392 from 2007 to 2008.

The table that follows assists in illustrating the cash receipts of the general fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 612,751	\$ 627,366	(2.33) %
Intergovernmental	816,986	817,661	(0.08) %
Special assessments	3,203	9,289	(65.52) %
License, permits and fees	45,456	55,839	(18.59) %
Fines and forfeitures	17,522	24,418	(28.24) %
Investment income	72,937	149,666	(51.27) %
Contributions and donations	1,145	550	108.18 %
Other	<u>476,298</u>	<u>301,641</u>	57.90 %
Total	<u>\$ 2,046,298</u>	<u>\$ 1,986,430</u>	3.01 %

Investment income cash receipts decreased due to reduced interest rates and accrued interest receivable on investments during 2008 compared to amounts in 2007. License, permits and fees decreased due to a reduction in liquor permit and zoning fees. Other receipts increased due to an increase in miscellaneous revenue.

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
General government	\$ 1,150,621	\$ 939,013	22.54 %
Public safety	24,644	18,182	35.54 %
Public works	509,881	-	100.00 %
Health	105,408	86,076	22.46 %
Human Services	11,820	8,545	38.33 %
Miscellaneous	68,956	61,654	11.84 %
Conservation - recreation	56,773	-	100.00 %
Capital outlay	<u>432,557</u>	<u>106,405</u>	306.52 %
Total	<u>\$ 2,360,660</u>	<u>\$ 1,219,875</u>	93.52 %

Public works disbursements increased due to the reclassification of road and highway paving contracts listed as contract services. Health disbursements increased due to the increase of expenditures relating to the repair of condemned property. Conservation - recreation increased as in 2008, the Township had expenditures relating to wetlands that were not incurred in 2007. Capital outlay increased due to new equipment purchases and replacements relating to the fire and police departments. Other disbursements remained relatively consistent with the previous year.

HOWLAND TOWNSHIP, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (Unaudited)

Road and Bridge Fund

The Road and Bridge fund, a Township major fund, had cash receipts of \$1,253,349 in 2008. Cash disbursements in this fund were \$1,596,119 in 2008. The Road and Bridge fund cash balance decreased \$342,770 from 2007 to 2008.

Police District Fund

The Police District fund, a Township major fund, had cash receipts of \$1,787,193 and in 2008. Cash disbursements in this fund were \$1,738,937 in 2008. The police district fund cash balance increased \$48,256 from 2007 to 2008.

Fire District Fund

The Fire District fund, a Township major fund, had cash receipts of \$2,110,065 in 2008. Cash disbursements in this fund were \$2,175,853 in 2008. The Fire District fund cash balance decreased \$65,788 from 2007 to 2008.

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 2008, final budget basis receipts and other financing receipts for the general fund were the same as the original budget estimates of \$1,266,710. Actual cash receipts and other financing receipts of \$2,087,298 were more than final budget estimates by \$820,588. The original budgetary basis disbursements and other financing disbursements of \$1,340,017 were increased to \$3,386,825 in the final budgeted estimate. The actual budgetary basis disbursements and other financing disbursements of \$2,950,710 were \$436,115 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 \$975,441 during fiscal year 2008.

Debt Administration

The Township did not have any debt outstanding at December 31, 2008.

Current Financial Related Activities

Howland Township has felt a loss of tax revenue due to the loss of manufacturing plants. With the loss of plants come the loss of jobs and the rise of delinquent taxes. The county auditor's estimated revenue and actual receipts are down due to delinquent taxes. Also, tangible property taxes are being phased out each year. This will cost the Township approximately \$1,500,000 in revenue. Undivided local government tax may be phased out completely which is approximately \$351,000 revenue for the general fund.

The future of the Township will be based on the current Delphi bankruptcy which employs 3,000 people and generates a large part of the tax revenue for the Township. The Township, along with the employees are always looking for ways to save money through health insurance costs, group programs, and finding grants.

HOWLAND TOWNSHIP, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)**

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Samuel Delaquila, Fiscal Officer, Howland Township, 207 Niles-Cortland Rd. NE, Warren, Ohio 44484.

THIS PAGE INTENTIONALLY LEFT BLANK.

HOWLAND TOWNSHIP, OHIO
 STATEMENT OF NET ASSETS - CASH BASIS
 DECEMBER 31, 2008

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,759,167
 Total assets.	 \$ 2,759,167
 Net cash assets:	
Restricted for:	
Public safety.	\$ 341,317
Public works.	6,814
Health and human services	44,110
Street maintenance and construction.	78,218
Police and fire services	23,137
Capital projects	187,632
Unrestricted	2,077,939
 Total net cash assets	 \$ 2,759,167

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Current:					
General government	\$ 1,208,109	\$ 67,923	\$ 3,097	\$ -	\$ (1,137,089)
Public safety	4,295,135	548,778	207,836	-	(3,538,521)
Public works	2,198,225	3,203	307,241	-	(1,887,781)
Health	112,762	5,515	-	-	(107,247)
Human services	54,049	-	23,987	-	(30,062)
Miscellaneous	68,956	-	69,347	-	391
Conservation - Recreation	56,773	-	-	-	(56,773)
Capital outlay	975,441	124,818	33,780	83,609	(733,234)
Total governmental activities	\$ 8,969,450	\$ 750,237	\$ 645,288	\$ 83,609	(7,490,316)

General Cash Receipts:

Property and other taxes levied for:

General purposes	612,751
Road and bridge improvements	1,113,505
Public safety - Police district	1,713,663
Public safety - Fire district	1,886,472
Grants and entitlements not restricted to specific programs.	747,639
Investment receipts.	79,144
Miscellaneous	616,205
Total general cash receipts	6,769,379
Change in net cash assets.	(720,937)
Net cash assets at beginning of year	3,480,104
Net cash assets at end of year	\$ 2,759,167

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

STATEMENT OF ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and cash equivalents	\$ 1,628,283	\$ 85,572	\$ 284,213	\$ 118,248	\$ 642,851	\$ 2,759,167
Total assets	<u>\$ 1,628,283</u>	<u>\$ 85,572</u>	<u>\$ 284,213</u>	<u>\$ 118,248</u>	<u>\$ 642,851</u>	<u>\$ 2,759,167</u>
Fund cash balances:						
Reserved for encumbrances	\$ 357,020	\$ 15,240	\$ 22,927	\$ 210	\$ 4,149	\$ 399,546
Unreserved, undesignated, reported in:						
General fund	1,271,263	-	-	-	-	1,271,263
Special revenue funds	-	70,332	261,286	118,038	451,070	900,726
Capital projects funds	-	-	-	-	187,632	187,632
Total fund cash balances	<u>\$ 1,628,283</u>	<u>\$ 85,572</u>	<u>\$ 284,213</u>	<u>\$ 118,248</u>	<u>\$ 642,851</u>	<u>\$ 2,759,167</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:						
Taxes	\$ 612,751	\$ 1,113,505	\$ 1,713,663	\$ 1,886,472	\$ -	\$ 5,326,391
Intergovernmental	816,986	127,930	3,040	207,722	320,858	1,476,536
Special assessments	3,203	-	-	-	-	3,203
Charges for services	-	-	-	-	655,683	655,683
License, permits and fees	45,456	-	-	-	22,828	68,284
Fines, forfeitures and penalties	17,522	-	1,025	-	4,520	23,067
Interest	72,937	-	-	-	6,207	79,144
Contributions and donations	1,145	-	-	1,190	1,049	3,384
Miscellaneous	476,298	11,914	69,465	14,681	40,463	612,821
Total cash receipts	<u>2,046,298</u>	<u>1,253,349</u>	<u>1,787,193</u>	<u>2,110,065</u>	<u>1,051,608</u>	<u>8,248,513</u>
Cash disbursements:						
Current:						
General government	1,150,621	-	23,549	28,795	5,144	1,208,109
Public safety	24,644	-	1,673,996	2,106,128	490,367	4,295,135
Public works	509,881	1,388,487	-	-	299,857	2,198,225
Health	105,408	-	-	-	7,354	112,762
Human services	11,820	-	-	-	42,229	54,049
Miscellaneous	68,956	-	-	-	-	68,956
Conservation - Recreation	56,773	-	-	-	-	56,773
Capital outlay	432,557	207,632	41,392	40,930	252,930	975,441
Total cash disbursements	<u>2,360,660</u>	<u>1,596,119</u>	<u>1,738,937</u>	<u>2,175,853</u>	<u>1,097,881</u>	<u>8,969,450</u>
Excess of cash receipts over (under) cash disbursements	<u>(314,362)</u>	<u>(342,770)</u>	<u>48,256</u>	<u>(65,788)</u>	<u>(46,273)</u>	<u>(720,937)</u>
Other financing receipts (disbursements):						
Transfers in	41,000	-	-	-	233,030	274,030
Transfers (out)	<u>(233,030)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,000)</u>	<u>(274,030)</u>
Total other financing receipts (disbursements)	<u>(192,030)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,030</u>	<u>-</u>
Net change in fund cash balances	(506,392)	(342,770)	48,256	(65,788)	145,757	(720,937)
Fund cash balances						
at beginning of year	<u>2,134,675</u>	<u>428,342</u>	<u>235,957</u>	<u>184,036</u>	<u>497,094</u>	<u>3,480,104</u>
Fund cash balances at end of year	<u>\$ 1,628,283</u>	<u>\$ 85,572</u>	<u>\$ 284,213</u>	<u>\$ 118,248</u>	<u>\$ 642,851</u>	<u>\$ 2,759,167</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Taxes	\$ 374,470	\$ 374,470	\$ 612,751	\$ 238,281
Intergovernmental	499,285	499,285	816,986	317,701
Special assessments	1,957	1,957	3,203	1,246
License, permits and fees	27,779	27,779	45,456	17,677
Fines, forfeitures and penalties.	10,708	10,708	17,522	6,814
Interest	35,676	35,676	72,937	37,261
Contributions and donations	700	700	1,145	445
Miscellaneous	291,079	291,079	476,298	185,219
Total budgetary basis receipts.	<u>1,241,654</u>	<u>1,241,654</u>	<u>2,046,298</u>	<u>804,644</u>
Budgetary basis disbursements:				
Current:				
General government	698,493	1,295,317	1,480,511	(185,194)
Public safety	-	24,475	24,489	(14)
Public works	245,649	475,649	509,881	(34,232)
Health	78,875	162,815	130,443	32,372
Human services	10,000	10,000	11,820	(1,820)
Conservation - Recreation	79,500	79,500	56,773	22,727
Miscellaneous	29,500	67,000	68,956	(1,956)
Capital outlay	48,000	170,034	434,807	(264,773)
Total budgetary basis disbursements	<u>1,190,017</u>	<u>2,284,790</u>	<u>2,717,680</u>	<u>(432,890)</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>51,637</u>	<u>(1,043,136)</u>	<u>(671,382)</u>	<u>371,754</u>
Other financing receipts (uses):				
Transfers in	25,056	25,056	41,000	15,944
Transfers (out).	(150,000)	(1,102,035)	(233,030)	869,005
Total other financing receipts (uses)	<u>(124,944)</u>	<u>(1,076,979)</u>	<u>(192,030)</u>	<u>884,949</u>
Net change in fund cash balance	(73,307)	(2,120,115)	(863,412)	1,256,703
Fund cash balance at beginning of year	1,814,158	1,814,158	1,814,158	-
Prior year encumbrances appropriated	<u>320,517</u>	<u>320,517</u>	<u>320,517</u>	-
Fund cash balance at end of year	<u>\$ 2,061,368</u>	<u>\$ 14,560</u>	<u>\$ 1,271,263</u>	<u>\$ 1,256,703</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Taxes	\$ 1,131,858	\$ 1,109,996	\$ 1,113,505	\$ 3,509
Intergovernmental	130,039	127,527	127,930	403
Miscellaneous	12,110	11,876	11,914	38
Total budgetary basis receipts	<u>1,274,007</u>	<u>1,249,399</u>	<u>1,253,349</u>	<u>3,950</u>
Budgetary basis disbursements:				
Current:				
Public works	594,900	1,286,494	1,391,167	(104,673)
Capital outlay	<u>222,051</u>	<u>391,247</u>	<u>220,192</u>	<u>171,055</u>
Total budgetary basis disbursements.	<u>816,951</u>	<u>1,677,741</u>	<u>1,611,359</u>	<u>66,382</u>
Net change in fund cash balance	457,056	(428,342)	(358,010)	70,332
Fund cash balance at beginning of year	216,091	216,091	216,091	-
Prior year encumbrances appropriated	<u>212,251</u>	<u>212,251</u>	<u>212,251</u>	<u>-</u>
Fund cash balance at end of year.	<u>\$ 885,398</u>	<u>\$ -</u>	<u>\$ 70,332</u>	<u>\$ 70,332</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, 2008

	<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	\$ 1,689,308	\$ 1,689,308	\$ 1,713,663	\$ 24,355
Intergovernmental	2,997	2,997	3,040	43
Fines, forfeitures and penalties	1,010	1,010	1,025	15
Miscellaneous	68,478	68,478	69,465	987
Total budgetary basis receipts	<u>1,761,793</u>	<u>1,761,793</u>	<u>1,787,193</u>	<u>25,400</u>
Budgetary basis disbursements:				
Current:				
General government	16,500	28,000	23,549	4,451
Public safety	805,776	1,899,750	1,676,114	223,636
Capital outlay	25,000	70,000	62,201	7,799
Total budgetary basis disbursements.	<u>847,276</u>	<u>1,997,750</u>	<u>1,761,864</u>	<u>235,886</u>
Net change in fund cash balance	914,517	(235,957)	25,329	261,286
Fund cash balance at beginning of year	235,181	235,181	235,181	-
Prior year encumbrances appropriated	<u>776</u>	<u>776</u>	<u>776</u>	<u>-</u>
Fund cash balance at end of year.	<u>\$ 1,150,474</u>	<u>\$ -</u>	<u>\$ 261,286</u>	<u>\$ 261,286</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Taxes	\$ 1,925,856	\$ 1,925,856	\$ 1,886,472	\$ (39,384)
Intergovernmental	212,059	212,059	207,722	(4,337)
Contributions and donations	1,215	1,215	1,190	(25)
Miscellaneous	14,988	14,988	14,681	(307)
Total budgetary basis receipts	<u>2,154,118</u>	<u>2,154,118</u>	<u>2,110,065</u>	<u>(44,053)</u>
Budgetary basis disbursements:				
Current:				
General government	17,500	32,000	28,795	3,205
Public safety	859,500	2,246,718	2,106,338	140,380
Capital outlay	-	11,847	40,930	(29,083)
Total budgetary basis disbursements.	<u>877,000</u>	<u>2,290,565</u>	<u>2,176,063</u>	<u>114,502</u>
Net change in fund cash balance	1,277,118	(136,447)	(65,998)	70,449
Fund cash balance at beginning of year	<u>184,036</u>	<u>184,036</u>	<u>184,036</u>	<u>-</u>
Fund cash balance at end of year.	<u>\$ 1,461,154</u>	<u>\$ 47,589</u>	<u>\$ 118,038</u>	<u>\$ 70,449</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2008

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	<u>Private-Purpose Trust</u>
Net assets at beginning of year	\$ 94
Net assets at end of year	<u>\$ 94</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - DESCRIPTION OF THE TOWNSHIP

The Howland Township, Trumbull County, Ohio (the "Township") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township provides the following services: police and fire protection, road and bridge maintenance, cemetery maintenance and emergency medical services as well as general governmental services.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

B. Fund Accounting

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

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

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

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

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

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

E. Cash and Cash Equivalents

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

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

During 2008, the Township invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

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 2008 were \$72,937 which includes \$25,206 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not have any restricted assets at December 31, 2008.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. 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.

J. 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.

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

K. 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.

L. Net Assets

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

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

M. Fund Balance Reserves

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

N. Interfund Activity

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Township had neither extraordinary nor special items during 2008.

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2008, the Township has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the Township; however, certain disclosures related to postemployment benefits (see Note 7) have been modified to conform to the new reporting requirements.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Township.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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;

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2008, the carrying amount of all Township deposits was \$145,744. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, \$61,365 of the Township's bank balance of \$336,645 was exposed to custodial risk as discussed below, while \$275,280 was covered by the Federal Deposit Insurance Corporation.

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Township's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 106% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township. 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, 2008, the Township had the following investments and maturities:

<u>Investment type</u>	<u>Balance at</u>	<u>Investment Maturity</u>
	<u>Fair Value</u>	6 months or <u>less</u>
STAR Ohio	<u>\$ 2,613,517</u>	<u>\$ 2,613,517</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, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 2,613,517</u>	<u>100.00%</u>

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 145,744
Investments	<u>2,613,517</u>
Total	<u>\$ 2,759,261</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,759,167
Private purpose trust fund	<u>94</u>
Total	<u>\$ 2,759,261</u>

NOTE 5 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility and tangible personal 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 revalued 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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 5 - PROPERTY TAX - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Township due to the phasing out of the tax. In calendar years 2008-2010, the Township will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including Howland 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, 2008 was \$13.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 333,051,630
Commercial/industrial/mineral	90,905,470
Tangible personal property	17,405,579
<u>Public utility</u>	
Real	77,010
Personal	<u>6,001,700</u>
Total assessed value	<u>\$ 447,441,389</u>

NOTE 6 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 - PENSION PLANS - (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

The Township's contribution rate for 2008 was 14.00%, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 17.40% of covered payroll. For 2008, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan.

The Township's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the Township's pension contributions were 10.40% of covered payroll. The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007, and 2006 were \$162,380, \$191,624, and \$211,082, respectively; 91.47% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the Township is required to contribute 24.00% for firefighters. Contribution rates are established by State statute. For 2008, the portion of the Township's contributions to fund pension obligations was 17.25% for firefighters. The Township's required contributions for pension obligations to OP&F for firefighters were \$224,281 for the year ended December 31, 2008, \$202,727 for the year ended December 31, 2007, and \$200,468 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 91.36% has been contributed for firefighters for 2008.

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 7 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00% of covered payroll (17.40% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

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

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$162,380, \$93,729, and \$103,246, respectively; 91.47% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 7 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

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

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

The 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.

Funding Policy - The OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as of the payroll of active pension plan members, currently, 24.00% of covered payroll for fire employers.

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 the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% 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. Active members do not make contributions to the OPEB Plan.

The Township's contributions to OP&F which were allocated to fund post-employment healthcare benefits for firefighters were \$87,762 for the year ended December 31, 2008, \$96,685 for the year ended December 31, 2007, and \$95,603 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 91.36% has been contributed for firefighters for 2008.

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2008, the Township's share of these unpaid claims collectible in future years is approximately \$46,680.

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 8 - RISK MANAGEMENT - (Continued)

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

<u>Contributions to OTARMA</u>	
2006	\$60,818
2007	\$49,660
2008	\$48,472

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

NOTE 9 - CONTINGENCIES

The Township is currently not party to any pending litigation.

NOTE 10 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2008, consisted of the following as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 233,030
	<u>\$ 233,030</u>
<u>Transfers from Nonmajor governmental funds to:</u>	
general fund	\$ 41,000
	<u>\$ 41,000</u>

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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 a reservation of fund balance (cash basis). At December 31, 2008, the encumbrances outstanding at year end (budgetary basis) amounted to \$357,020 for the general fund, \$15,240 for the road and bridge fund, \$22,927 for the police district fund and \$210 for the fire district fund.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howland Township, Trumbull County, (the Township) as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 18, 2010, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

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

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

Mary Taylor, CPA
Auditor of State

June 18, 2010



Mary Taylor, CPA
Auditor of State

HOWLAND TOWNSHIP

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 9, 2010**