



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
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

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howland Township, Trumbull County, (the Township), as of and for the year ended December 31, 2009, 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, 2009, 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, 2009 (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, 2009, 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 2009 are as follows:

- For fiscal year 2009, the total net cash assets of the Township increased \$357,738 or 12.97%.
- For fiscal year 2009, General cash receipts accounted for \$6,448,659 or 78.83% of total governmental activities cash receipts and program specific cash receipts accounted for \$1,731,309 or 21.17% of total governmental activities cash receipts.
- For fiscal year 2009, the Township had \$7,822,230 in cash disbursements related to governmental activities; \$1,731,309 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$6,448,659 were 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 of \$1,806,129. The cash disbursements and other financing disbursements of the General Fund, totaled \$1,668,718. The General Fund's cash balance increased \$137,411 from 2008 to 2009.
- The Road and Bridge Fund, a Township major fund, had cash receipts of \$1,261,205. The Road and Bridge Fund had cash disbursements of \$1,194,752. The Road and Bridge Fund cash balance increased \$66,453 from 2008 to 2009.
- The Police District Fund, a Township major fund, had cash receipts of \$1,835,188. The Police District Fund had cash disbursements of \$1,862,537. The Police District Fund cash balance decreased \$27,349 from 2008 to 2009.
- The Fire District Fund, a Township major fund, had cash receipts of \$2,193,543. The Fire District Fund had cash disbursements of \$2,165,892. The Fire District Fund cash balance increased \$27,651 from 2008 to 2009.

#### 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, 2009 (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 2009?” 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, 2009 (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 statement can be found on page 20 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 21-34 of this report.

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

Recall that the statement of net assets – cash basis provides the perspective of the Township as a whole. The table below provides a summary of the Township's net cash assets for 2009 and 2008.

	Net Assets	
	Governmental Activities	
	2009	2008
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 3,116,905	\$ 2,759,167
Total assets	<u>3,116,905</u>	<u>2,759,167</u>
<u>Net Cash Assets</u>		
Restricted	825,285	681,228
Unrestricted	<u>2,291,620</u>	<u>2,077,939</u>
Total net cash assets	<u>\$ 3,116,905</u>	<u>\$ 2,759,167</u>

**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Unaudited)

For fiscal year 2009, net cash assets of the Township increased \$357,738 or 12.97%. The balance of government-wide unrestricted net cash assets of \$2,291,620 at December 31, 2009 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 2009 and 2008.

	<b>Change in Net Cash Assets</b>	
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 810,830	\$ 750,237
Operating grants and contributions	800,471	645,288
Capital grants and contributions	<u>120,008</u>	<u>83,609</u>
Total program cash receipts	<u>1,731,309</u>	<u>1,479,134</u>
General cash receipts:		
Property and other taxes	5,269,703	5,326,391
Unrestricted grants	730,795	747,639
Investment earnings	7,527	79,144
Other	<u>440,634</u>	<u>616,205</u>
Total general cash receipts	<u>6,448,659</u>	<u>6,769,379</u>
Total cash receipts	<u>8,179,968</u>	<u>8,248,513</u>
<b>Cash Disbursements:</b>		
General government	1,274,969	1,208,109
Public safety	4,530,090	4,295,135
Public works	1,258,800	2,198,225
Health	134,839	112,762
Human services	13,742	54,049
Miscellaneous	72,057	68,956
Conservation - recreation	308	56,773
Capital outlay	<u>537,425</u>	<u>975,441</u>
Total cash disbursements	<u>7,822,230</u>	<u>8,969,450</u>
Change in net cash assets	357,738	(720,937)
Net cash assets at beginning of year	<u>2,759,167</u>	<u>3,480,104</u>
Net cash assets at end of year	<u>\$ 3,116,905</u>	<u>\$ 2,759,167</u>

**HOWLAND TOWNSHIP, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Unaudited)**

**Governmental Activities**

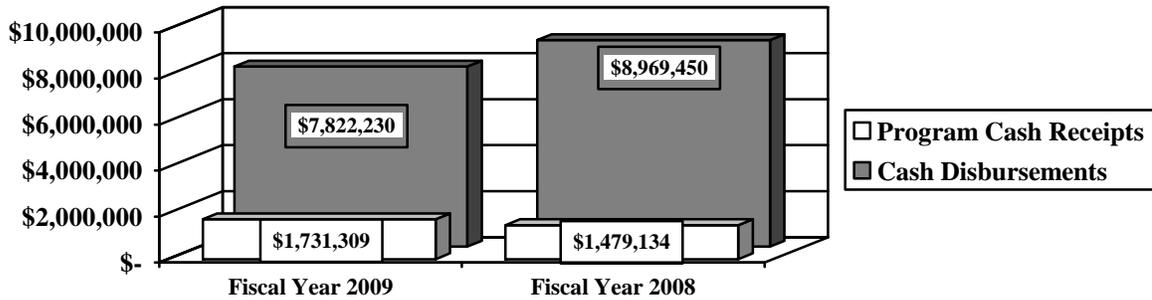
Governmental cash assets increased by \$357,738 in 2009 from 2008.

General government represents activities related to the governing body as well as activities that directly support Township programs. In 2009, General government cash disbursements totaled \$1,274,969 or 16.30% of total governmental cash disbursements. General government programs were supported by \$70,093 in direct charges to users for services and \$4,890 in operating and contributing grants.

In 2009, the public safety programs accounted for \$4,530,090 or 57.91% of total governmental cash disbursements. Public safety programs were supported by \$635,705 in direct uses charge and \$396,227 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 2009 and 2008. 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**

	<u>Total Cost of Services 2009</u>	<u>Net Cost of Services 2009</u>	<u>Total Cost of Services 2008</u>	<u>Net Cost of Services 2008</u>
<b>Cash disbursements:</b>				
<b>Current:</b>				
General government	\$ 1,274,969	\$ 1,199,986	\$ 1,208,109	\$ 1,137,089
Public safety	4,530,090	3,498,158	4,295,135	3,538,521
Public works	1,258,800	944,456	2,198,225	1,887,781
Health	134,839	122,188	112,762	107,247
Human services	13,742	13,742	54,049	30,062
Miscellaneous	72,057	6,516	68,956	(391)
Conservation - recreation	308	308	56,773	56,773
Capital outlay	<u>537,425</u>	<u>305,567</u>	<u>975,441</u>	<u>733,234</u>
<b>Total</b>	<u>\$ 7,822,230</u>	<u>\$ 6,090,921</u>	<u>\$ 8,969,450</u>	<u>\$ 7,490,316</u>

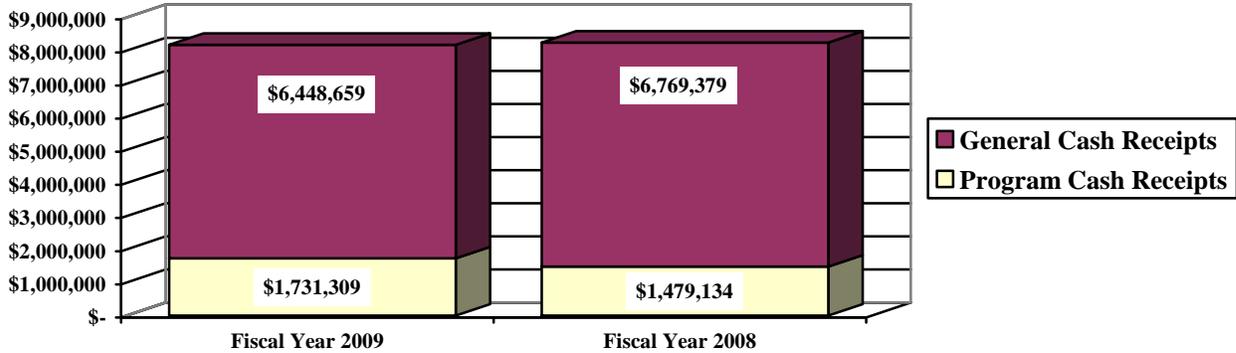
The dependence upon General cash receipts for governmental activities is apparent; with 77.87% of cash disbursements

**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Unaudited)

supported through taxes and other General cash receipts during 2009.

**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, 2009, the Township's governmental funds reported a combined fund cash balance of \$3,116,905, which is \$357,738 more than last year's total of \$2,759,167. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2009, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2009</u>	<u>Fund Cash Balance</u> <u>December 31, 2008</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 1,765,694	\$ 1,628,283	\$ 137,411
Road and Bridge	152,025	85,572	66,453
Police District	256,864	284,213	(27,349)
Fire District	145,899	118,248	27,651
Other Nonmajor Governmental Funds	<u>796,423</u>	<u>642,851</u>	<u>153,572</u>
Total	<u>\$ 3,116,905</u>	<u>\$ 2,759,167</u>	<u>\$ 357,738</u>

**HOWLAND TOWNSHIP, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Unaudited)

**General Fund**

The General Fund, the Township's largest major fund, had cash receipts \$1,806,129 and cash disbursements of \$1,563,662. These amounts exclude other financing disbursements, which consisted of transfers out in the amount of \$105,056. The General Fund's cash balance increased \$137,411 from 2008 to 2009.

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

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 595,078	\$ 612,751	(2.88) %
Intergovernmental	796,336	816,986	(2.53) %
Special assessments	6,514	3,203	103.37 %
License, permits and fees	40,549	45,456	(10.80) %
Fines and forfeitures	23,489	17,522	34.05 %
Investment income	7,254	72,937	(90.05) %
Contributions and donations	1,513	1,145	32.14 %
Other	<u>335,396</u>	<u>476,298</u>	(29.58) %
Total	<u>\$ 1,806,129</u>	<u>\$ 2,046,298</u>	(11.74) %

Investment income cash receipts decreased due to reduced interest rates on investments during 2009 compared to amounts in 2008. License, permits and fees decreased due to a reduction in liquor permit and zoning fees. Other receipts decreased due to an decrease in miscellaneous revenue.

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

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Disbursements</u></b>			
General government	\$ 1,220,235	\$ 1,150,621	6.05 %
Public safety	-	24,644	(100.00) %
Public works	-	509,881	(100.00) %
Health	127,039	105,408	20.52 %
Human services	12,879	11,820	8.96 %
Miscellaneous	72,057	68,956	4.50 %
Conservation - recreation	308	56,773	(99.46) %
Capital outlay	<u>131,144</u>	<u>432,557</u>	(69.68) %
Total	<u>\$ 1,563,662</u>	<u>\$ 2,360,660</u>	(33.76) %

Public works disbursements decreased due to road and highway paving contracts that occurred during 2008. Health disbursements increased due to the increase of expenditures relating to the repair of condemned property. Conservation - recreation decreased as in 2008, the Township had expenditures relating to wetlands that were not incurred in 2009. Capital outlay decreased due to new equipment purchases and replacements relating to the fire and police departments in 2008. Other disbursements remained relatively consistent with the previous year.

## HOWLAND TOWNSHIP, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 (Unaudited)

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

The Road and Bridge Fund, a Township major fund, had cash receipts of \$1,261,205 in 2009. Cash disbursements in this fund were \$1,194,752 in 2009. The Road and Bridge Fund cash balance increased \$66,453 from 2008 to 2009.

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

The Police District Fund, a Township major fund, had cash receipts of \$1,835,188 in 2009. Cash disbursements in this fund were \$1,862,537 in 2009. The Police District Fund cash balance decreased \$27,349 from 2008 to 2009.

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

The Fire District Fund, a Township major fund, had cash receipts of \$2,193,543 in 2009. Cash disbursements in this fund were \$2,165,892 in 2009. The Fire District Fund cash balance increased \$27,651 from 2008 to 2009.

#### ***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 2009, final budget estimates were \$1,773,008 for the General Fund and original budget estimates were \$1,455,722. Actual cash receipts of \$1,806,129 were more than final budget estimates by \$33,121. The original budgetary basis disbursements and other financing disbursements of \$3,080,393 were increased to \$3,397,679 in the final budgeted estimate. The actual budgetary basis disbursements and other financing disbursements of \$2,225,652 were \$1,172,027 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 \$537,425 during fiscal year 2009.

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

The Township did not have any debt outstanding at December 31, 2009.

#### **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.

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, 2009  
(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 Vivian McDowell, Fiscal Officer, Howland Township, 207 Niles-Cortland Rd. NE, Warren, Ohio 44484.

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**HOWLAND TOWNSHIP, OHIO**  
 STATEMENT OF NET ASSETS - CASH BASIS  
 DECEMBER 31, 2009

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 3,116,905
 Total assets. . . . .	 3,116,905
 <b>Net cash assets:</b>	
Restricted for:	
Public safety. . . . .	399,170
Public works. . . . .	3,638
Health and human services . . . . .	54,500
Street maintenance and construction. . . . .	112,837
Police and fire services . . . . .	4,580
Capital projects . . . . .	250,560
Unrestricted . . . . .	2,291,620
 Total net cash assets . . . . .	 \$ 3,116,905

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Program Cash Receipts</b>				<b>Net (Cash Disbursements) Cash Receipts and Changes in Net Assets</b>
	<b>Cash Disbursements</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>					
Current:					
General government . . . . .	\$ 1,274,969	\$ 70,093	\$ 4,890	\$ -	\$ (1,199,986)
Public safety . . . . .	4,530,090	635,705	396,227	-	(3,498,158)
Public works . . . . .	1,258,800	6,514	307,830	-	(944,456)
Health . . . . .	134,839	12,651	-	-	(122,188)
Human services . . . . .	13,742	-	-	-	(13,742)
Miscellaneous . . . . .	72,057	-	65,541	-	(6,516)
Conservation - recreation . . . . .	308	-	-	-	(308)
Capital outlay . . . . .	537,425	85,867	25,983	120,008	(305,567)
<b>Total governmental activities . . . . .</b>	<b><u>\$ 7,822,230</u></b>	<b><u>\$ 810,830</u></b>	<b><u>\$ 800,471</u></b>	<b><u>\$ 120,008</u></b>	<b><u>(6,090,921)</u></b>

**General Cash Receipts:**

Property and other taxes levied for:

General purposes . . . . .	595,078
Road and bridge improvements . . . . .	1,133,014
Public safety - police district . . . . .	1,593,461
Public safety - fire district . . . . .	1,948,150
Grants and entitlements not restricted to specific programs. . .	730,795
Investment receipts. . . . .	7,527
Miscellaneous . . . . .	440,634
<b>Total general cash receipts . . . . .</b>	<b><u>6,448,659</u></b>
<b>Change in net cash assets. . . . .</b>	<b>357,738</b>
<b>Net cash assets at beginning of year . . . . .</b>	<b><u>2,759,167</u></b>
<b>Net cash assets at end of year. . . . .</b>	<b><u>\$ 3,116,905</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOWLAND TOWNSHIP, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents . . . . .	\$ 1,765,694	\$ 152,025	\$ 256,864	\$ 145,899	\$ 796,423	\$ 3,116,905
Total assets . . . . .	<u>\$ 1,765,694</u>	<u>\$ 152,025</u>	<u>\$ 256,864</u>	<u>\$ 145,899</u>	<u>\$ 796,423</u>	<u>\$ 3,116,905</u>
<b>Fund cash balances:</b>						
Reserved for encumbrances . . . . .	\$ 556,934	\$ 24,282	\$ 4,580	\$ -	\$ 9,614	\$ 595,410
Unreserved, undesignated, reported in:						
General fund . . . . .	1,208,760	-	-	-	-	1,208,760
Special revenue funds . . . . .	-	127,743	252,284	145,899	536,249	1,062,175
Capital projects funds . . . . .	-	-	-	-	250,560	250,560
Total fund cash balances . . . . .	<u>\$ 1,765,694</u>	<u>\$ 152,025</u>	<u>\$ 256,864</u>	<u>\$ 145,899</u>	<u>\$ 796,423</u>	<u>\$ 3,116,905</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, 2009

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash receipts:</b>						
Taxes . . . . .	\$ 595,078	\$ 1,133,014	\$ 1,593,461	\$ 1,948,150	\$ -	\$ 5,269,703
Intergovernmental . . . . .	796,336	126,864	187,514	214,857	325,703	1,651,274
Special assessments . . . . .	6,514	-	-	-	-	6,514
Charges for services . . . . .	-	-	-	-	707,636	707,636
License, permits and fees . . . . .	40,549	-	-	-	26,512	67,061
Fines, forfeitures and penalties . . . . .	23,489	-	950	-	5,180	29,619
Interest . . . . .	7,254	-	-	-	273	7,527
Contributions and donations . . . . .	1,513	-	-	6,323	-	7,836
Miscellaneous . . . . .	335,396	1,327	53,263	24,213	18,599	432,798
Total cash receipts . . . . .	<u>1,806,129</u>	<u>1,261,205</u>	<u>1,835,188</u>	<u>2,193,543</u>	<u>1,083,903</u>	<u>8,179,968</u>
<b>Cash disbursements:</b>						
Current:						
General government . . . . .	1,220,235	-	22,032	26,939	5,763	1,274,969
Public safety . . . . .	-	-	1,789,553	2,138,953	601,584	4,530,090
Public works . . . . .	-	1,086,912	-	-	171,888	1,258,800
Health . . . . .	127,039	-	-	-	7,800	134,839
Human services . . . . .	12,879	-	-	-	863	13,742
Miscellaneous . . . . .	72,057	-	-	-	-	72,057
Conservation - recreation . . . . .	308	-	-	-	-	308
Capital outlay . . . . .	131,144	107,840	50,952	-	247,489	537,425
Total cash disbursements . . . . .	<u>1,563,662</u>	<u>1,194,752</u>	<u>1,862,537</u>	<u>2,165,892</u>	<u>1,035,387</u>	<u>7,822,230</u>
Excess of cash receipts over (under) cash disbursements . . . . .	<u>242,467</u>	<u>66,453</u>	<u>(27,349)</u>	<u>27,651</u>	<u>48,516</u>	<u>357,738</u>
<b>Other financing receipts (disbursements):</b>						
Transfers in . . . . .	-	-	-	-	105,056	105,056
Transfers (out) . . . . .	(105,056)	-	-	-	-	(105,056)
Total other financing receipts (disbursements) . . . . .	<u>(105,056)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,056</u>	<u>-</u>
Net change in fund cash balances . . . . .	137,411	66,453	(27,349)	27,651	153,572	357,738
<b>Fund cash balances</b>						
<b>at beginning of year . . . . .</b>	<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>
<b>Fund cash balances at end of year . . . . .</b>	<u>\$ 1,765,694</u>	<u>\$ 152,025</u>	<u>\$ 256,864</u>	<u>\$ 145,899</u>	<u>\$ 796,423</u>	<u>\$ 3,116,905</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 479,627	\$ 584,166	\$ 595,078	\$ 10,912
Intergovernmental . . . . .	641,839	781,733	796,336	14,603
Special assessments . . . . .	5,250	6,395	6,514	119
License, permits and fees . . . . .	32,682	39,805	40,549	744
Fines, forfeitures and penalties. . . . .	18,932	23,058	23,489	431
Interest . . . . .	5,847	7,121	7,254	133
Contributions and donations . . . . .	1,219	1,485	1,513	28
Miscellaneous . . . . .	270,326	329,245	335,396	6,151
Total budgetary basis receipts. . . . .	<u>1,455,722</u>	<u>1,773,008</u>	<u>1,806,129</u>	<u>33,121</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	2,369,228	2,246,100	1,654,849	591,251
Public safety . . . . .	5,000	5,000	-	5,000
Public works . . . . .	68,950	68,950	-	68,950
Health . . . . .	176,965	176,965	172,287	4,678
Human services . . . . .	15,000	15,000	17,466	(2,466)
Conservation - recreation . . . . .	22,000	22,000	418	21,582
Miscellaneous . . . . .	76,000	76,000	97,722	(21,722)
Capital outlay . . . . .	47,250	143,524	177,854	(34,330)
Total budgetary basis disbursements . . . . .	<u>2,780,393</u>	<u>2,753,539</u>	<u>2,120,596</u>	<u>632,943</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>(1,324,671)</u>	<u>(980,531)</u>	<u>(314,467)</u>	<u>666,064</u>
<b>Other financing uses:</b>				
Transfers (out). . . . .	<u>(300,000)</u>	<u>(644,140)</u>	<u>(105,056)</u>	<u>539,084</u>
Total other financing uses . . . . .	<u>(300,000)</u>	<u>(644,140)</u>	<u>(105,056)</u>	<u>539,084</u>
Net change in fund cash balance . . . . .	(1,624,671)	(1,624,671)	(419,523)	1,205,148
<b>Fund cash balance at beginning of year . . . . .</b>	1,271,263	1,271,263	1,271,263	-
<b>Prior year encumbrances appropriated . . . . .</b>	357,020	357,020	357,020	-
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 3,612</u>	<u>\$ 3,612</u>	<u>\$ 1,208,760</u>	<u>\$ 1,205,148</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 1,163,145	\$ 1,133,014	\$ 1,133,014	\$ -
Intergovernmental . . . . .	119,031	126,864	126,864	-
Miscellaneous . . . . .	-	1,327	1,327	-
Total budgetary basis receipts . . . . .	<u>1,282,176</u>	<u>1,261,205</u>	<u>1,261,205</u>	<u>-</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Public works . . . . .	1,115,399	1,094,428	1,091,183	3,245
Capital outlay . . . . .	<u>199,016</u>	<u>199,016</u>	<u>127,851</u>	<u>71,165</u>
Total budgetary basis disbursements. . . . .	<u>1,314,415</u>	<u>1,293,444</u>	<u>1,219,034</u>	<u>74,410</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements. . .	<u>(32,239)</u>	<u>(32,239)</u>	<u>42,171</u>	<u>74,410</u>
<b>Other financing uses:</b>				
Transfers (out). . . . .	<u>(53,333)</u>	<u>(53,333)</u>	<u>-</u>	<u>53,333</u>
Total other financing uses . . . . .	<u>(53,333)</u>	<u>(53,333)</u>	<u>-</u>	<u>53,333</u>
Net change in fund cash balance . . . . .	(85,572)	(85,572)	42,171	127,743
<b>Fund cash balance at beginning of year . . . . .</b>	70,332	70,332	70,332	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>15,240</u>	<u>15,240</u>	<u>15,240</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,743</u>	<u>\$ 127,743</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 1,599,734	\$ 1,599,734	\$ 1,593,461	\$ (6,273)
Intergovernmental . . . . .	179,024	179,024	187,514	8,490
Fines, forfeitures and penalties . . . . .	-	-	950	950
Miscellaneous . . . . .	-	-	53,263	53,263
Total budgetary basis receipts . . . . .	<u>1,778,758</u>	<u>1,778,758</u>	<u>1,835,188</u>	<u>56,430</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	26,000	26,000	22,032	3,968
Public safety . . . . .	1,885,249	1,885,249	1,794,133	91,116
Capital outlay . . . . .	151,721	151,721	50,952	100,769
Total budgetary basis disbursements. . . . .	<u>2,062,970</u>	<u>2,062,970</u>	<u>1,867,117</u>	<u>195,853</u>
Net change in fund cash balance . . . . .	(284,212)	(284,212)	(31,929)	252,283
<b>Fund cash balance at beginning of year . . . . .</b>	261,286	261,286	261,286	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>22,927</u>	<u>22,927</u>	<u>22,927</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 252,284</u>	<u>\$ 252,283</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 1,555,804	\$ 1,527,638	\$ 1,494,444	\$ (33,194)
Intergovernmental . . . . .	619,040	647,206	668,563	21,357
Contributions and donations . . . . .	-	-	6,323	6,323
Miscellaneous. . . . .	-	-	24,213	24,213
Total budgetary basis receipts . . . . .	<u>2,174,844</u>	<u>2,174,844</u>	<u>2,193,543</u>	<u>18,699</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	29,500	29,500	26,939	2,561
Public safety . . . . .	2,148,948	2,148,948	2,138,953	9,995
Capital outlay. . . . .	114,644	114,644	-	114,644
Total budgetary basis disbursements. . . . .	<u>2,293,092</u>	<u>2,293,092</u>	<u>2,165,892</u>	<u>127,200</u>
Net change in fund cash balance . . . . .	(118,248)	(118,248)	27,651	145,899
<b>Fund cash balance at beginning of year . . . . .</b>	118,038	118,038	118,038	-
<b>Prior year encumbrances appropriated . . . . .</b>	210	210	210	-
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,899</u>	<u>\$ 145,899</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, 2009

	<u>Private-Purpose Trust</u>
<b>Deductions:</b>	
Other operating expense . . . . .	\$ 94
<b>Change in net assets . . . . .</b>	<b>(94)</b>
<b>Net assets at beginning of year . . . . .</b>	<b>94</b>
<b>Net assets at end of year . . . . .</b>	<b><u>\$ -</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

#### 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, 2009

**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, 2009**

**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, 2009**

**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 2009, 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, 2009.

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 2009 were \$7,254 which includes \$2,907 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, 2009.

**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 5 and 6, 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, 2009**

**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 2009.

## HOWLAND TOWNSHIP, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

#### NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim 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 debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

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

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, 2009, the carrying amount of all Township deposits was \$1,194,576. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2009, \$780,206 of the Township's bank balance of \$1,304,241 was exposed to custodial risk as discussed below, while \$524,035 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, 2009, the Township had the following investments and maturities:

<u>Investment type</u>	<u>Balance at</u>	<u>Investment Maturity</u>
	<u>Fair Value</u>	<u>6 months or</u> <u>less</u>
STAR Ohio	<u>\$ 1,922,329</u>	<u>\$ 1,922,329</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.

**HOWLAND TOWNSHIP, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

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

*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, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,922,329	100.00

**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, 2009:

<u>Cash and investments per note</u>		
Carrying amount of deposits	\$	1,194,576
Investments		<u>1,922,329</u>
Total	\$	<u>3,116,905</u>
<u>Cash and investments per statement of net assets</u>		
Governmental activities	\$	<u>3,116,905</u>

**NOTE 4 - 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 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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 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 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property tax was phased out 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, 2009

**NOTE 4 - 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 2009-2010, 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.

<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 5 - 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, 2009

#### **NOTE 5 - 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 2009, 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 2009 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 2009 was 14.00%, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 17.63% of covered payroll.

The Township's contribution rate for pension benefits for 2009 was 7.00% from January 1 through March 31, 2009 and 8.50% from April 1 through December 31, 2009, except for those plan members in law enforcement and public safety. For those classifications, pension contributions were 10.63% from January 1 through March 31, 2009 and 12.13% from April 1 through December 31, 2009. The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008 and 2007 were \$195,348, \$162,380 and 191,624, respectively; 91.28% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

#### **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 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2009, the portion of the Township's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The Township's required contributions for pension obligations to OP&F for firefighters was \$221,170 for the year ended December 31, 2009, \$224,287 for the year ended December 31, 2008 and \$202,727 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 91.49% has been contributed for for firefighters for 2009.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 6 - 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 not 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 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 2009, local government employers contributed 14.00% of covered payroll (17.63% 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 portion of employer contributions allocated to fund post-employment healthcare for 2009 was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

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, 2009, 2008 and 2007 were \$140,977, \$162,380 and \$93,729, respectively; 91.28% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

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, 2009

#### NOTE 6 - 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 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 for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 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 the year ended December 31, 2009, 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.

The Township's contributions to OP&F which were allocated to fund post-employment healthcare benefits for firefighters was \$105,481 for the year ended December 31, 2009, \$87,762 for the year ended December 31, 2008 and \$96,685 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 91.49% has been contributed for firefighters for 2009.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 7 - 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, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$52,227.

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 7 - 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.

<b><u>Contributions to OTARMA</u></b>	
2007	\$49,660
2008	\$48,472
2009	\$52,227

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 8 - CONTINGENCIES**

The Township is currently not party to any pending litigation.

**NOTE 9 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2009, consisted of the following as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	<u>\$ 105,056</u>

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

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

**HOWLAND TOWNSHIP, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 10 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund, road and bridge fund, police district fund and fire district fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2009, the encumbrances outstanding at year end (budgetary basis) amounted to \$556,934 for the general fund, \$24,282 for the road and bridge fund, \$4,580 for the police district fund and zero for the fire district fund.

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# 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, 2009, 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.



**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**