



Mary Taylor, CPA
Auditor of State

**HIRAM TOWNSHIP
PORTAGE COUNTY**

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PORTAGE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hiram Township
Portage County
P.O. Box 1872
Hiram, Ohio 44234

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 Hiram Township, Portage County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund, and the aggregate remaining fund information of Hiram Township, Portage County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, the Gasoline Tax Funds (2006 Major Fund Only), the Road and Bridge Fund (2007 Major Fund Only), the Road Levy (3 mill) Fund, the Road Levy (2 mill) Fund, EMS Levy Fund, and Fire Levy Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

November 13, 2008

Hiram Township
Portage County

Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The discussion and analysis of the Hiram Township (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key Financial Highlights for 2006 and 2007 are as follows:

Revenues – The Township passed of a 3 mill replacement Road and Bridge Levy in November of 2005. The Township also saw an increase in Estate Tax monies during 2006 and 2007.

Expenditures - Unusual heavy snow storms in Jan, Feb, and March required the purchase of more salt and heavy overtime for the road crew.

Investments - Trustees set up investment policy to set aside no more than 5% of the general fund carryover annually and all personal estate proceeds into a CD. The purpose of the CD is to purchase land only. These funds return to the general fund if not used for that purpose.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

Government-Wide Financial Statement: The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund Financial Statements: These statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Hiram Township
Portage County

Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

Township only has Governmental type activity, thus the statement of net assets and the statement of activities will show only Governmental types activities:

Governmental activities:

All of the Township's basic services are reported here. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all in the category of governmental funds.

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, the Gasoline Tax Fund, Road and Bridge Fund, the Road Levy (3 mill) Fund, the Road Levy (2 mill) Fund, the EMS Levy Fund, and Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Hiram Township
Portage County

*Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited*

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006:

(Table 1)		
Net Assets		
Governmental Activities		
	2007	2006
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 1,161,297	\$1,002,073
Total Assets	1,161,297	1,002,073
Net Assets		
Restricted for		
Land Acquisition (General Fund)	48,000	48,000
Permanent Fund: Trust Hoffman		
Expendable	71	71
Nonexpendable	1,200	1,200
Other Purpose	612,119	516,816
Unrestricted	499,907	435,986
Total Net Assets	\$ 1,161,297	\$ 1,002,073

Net assets of governmental activities increased \$341,012 or 51 percent in 2006, and \$159,224 or 16 percent in 2007. The primary reasons contributing to the increase in cash balances are as follows:

- Increases in Estate Tax receipts were the primary cause of the increase in revenues. Increases in the State Gasoline Tax over the past couple of years have helped to offset increased costs.
- The passing of the 3 mill Road and Bridge during 2005 levy as a replacement not a renewal.

Hiram Township
Portage County

Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 2 reflects the changes in net assets in 2007 and 2006 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$10,303	\$14,462
Operating Grants and Contributions	214,716	194,950
Total Program Receipts:	225,019	209,412
General Receipts:		
Property and Other Local Taxes	639,153	615,132
Gants and Entitlements Not Restricted	92,360	251,555
Miscellaneous	864	3,884
Total General Receipts	732,377	870,571
Total Receipts	957,396	1,079,983
Disbursements:		
General Government	377,945	288,762
Public Safety	186,284	186,647
Public Works	202,999	226,477
Health	0	125
Capital Outlay	23,213	20,050
Debt Service		
Principal	7,103	15,640
Interest	628	1,269
Total Disbursements	798,172	738,971
Excess (Deficient) Before Transfers	159,224	341,012
Increase (Decrease) In Net Assets	159,224	341,012
Net Assets, January 1	1,002,073	661,061
Net Assets, December 31	\$1,161,297	\$1,002,073

Hiram Township

Portage County

*Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited*

Program receipts represent only 19 percent of total receipts in 2006 and 24 percent in 2007 respectively. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 71 percent of the Township's 2006 total receipts and 76 percent of total receipts in 2007, and of this amount, over 93 percent are property taxes in 2006 and 87 percent in 2007. State and federal grants and entitlements make up the balance of the Government's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, and the Fiscal Officer Salaries and benefits

Public Safety is the cost of EMS contracts and Works is the costs of maintaining roads.

Governmental Activities

The Statement of Activities lists the major services provided by the Township. Included are the costs of providing these services. The major program disbursements for Township activities are for capital road projects, road and bridge maintenance, fire protection, and administration of the Township.

(Table 3)
Governmental Activities

	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
	Total	Net Cost	Total	Net Cost
	Cost	of	Cost	Net Cost
	of	of	of	of Service
	<u>Service</u>	<u>Service</u>	<u>Service</u>	<u>of Service</u>
General				
Government	377,945	376,065	288,762	208,464
Public Safety	186,284	185,943	186,647	186,647
Public Works	202,999	107,602	226,477	137,225
Health	0	0	125	125
Other	0	(127,401)	0	(39,862)
Capital Outlay	23,213	23,213	20,050	20,050
Debt Service				
Principal	7,103	7,103	15,641	15,641
Interest	628	628	1,269	1,269
Total				
Disbursements	<u>798,172</u>	<u>573,153</u>	<u>738,971</u>	<u>529,559</u>

The dependence upon property tax receipts is apparent as over 83 percent in 2006 and 80 percent in 2007 of governmental activities are supported through these general receipts.

Hiram Township
Portage County

Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The Township's Funds

In 2006 governmental activities had receipts of \$1,079,983 and disbursements of \$738,971. In 2007 governmental activities had receipts of \$957,396 and disbursements of \$798,172. The fund balances for 2006 and 2007 saw fund balances remain stable with increases in most funds.

General Fund Budgeting Highlights

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.

During 2006 and 2007, the Township amended its General Fund Budget.

Final disbursements in 2006 were budgeted at \$287,500 while the actual disbursements were \$167,712. The result was an \$119,788 decrease in spending which was in the range of expectation.

Final disbursements in 2007 were budgeted at \$562,000 while the actual disbursements were \$205,717. The result was a \$356,283 decrease in spending which was in the range of expectation.

Debt Administration

As of December 31, 2007, the Township has a total of one outstanding loan totaling \$11,596 Refer to Note 11 in the Financial Statements Notes for details.

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 any questions about this report or need additional financial information, contact Doug Brewer, Fiscal Office, Hiram Township, P.O. Box 1827, Hiram, Ohio, 44234.

HIRAM TOWNSHIP, PORTAGE COUNTY

Statement of Net Assets - Cash Basis

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,161,297
<i>Total Assets</i>	<u><u>\$1,161,297</u></u>
Net Assets	
Restricted for:	
Land Acquisition (General Fund)	\$48,000
Permanent Fund: Trust Hoffman	
Expendable	71
Nonexpendable	1,200
Other Purposes	612,119
Unrestricted	499,907
<i>Total Net Assets</i>	<u><u>\$1,161,297</u></u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY

Statement of Activities - Cash Basis

For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Total
Governmental Activities					
General Government	\$377,945	\$1,369	\$511	(\$376,065)	(\$376,065)
Public Safety	186,284	341	0	(185,943)	(185,943)
Public Works	202,999	5,616	89,781	(107,602)	(107,602)
Other	0	2,977	124,424	127,401	127,401
Capital Outlay	23,213	0	0	(23,213)	(23,213)
Debt Service:					
Principal	7,103	0	0	(7,103)	(7,103)
Interest	628	0	0	(628)	(628)
<i>Total Governmental Activities</i>	<u>\$798,172</u>	<u>\$10,303</u>	<u>\$214,716</u>	<u>(\$573,153)</u>	<u>(\$573,153)</u>
General Receipts					
Property Taxes				\$633,750	\$633,750
Other Taxes				5,403	5,403
Grants and Entitlements not Restricted to Specific Programs				92,360	92,360
Miscellaneous				864	864
<i>Total General Receipts</i>				<u>732,377</u>	<u>732,377</u>
Change in Net Assets				159,224	159,224
<i>Net Assets Beginning of Year</i>				<u>1,002,073</u>	<u>1,002,073</u>
<i>Net Assets End of Year</i>				<u>\$1,161,297</u>	<u>\$1,161,297</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2007

	<u>General</u>	<u>Road & Bridge Fund</u>	<u>Road Levy (2 Mill) Fund</u>	<u>Road Levy (3 Mill) Fund</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$535,702	\$122,386	\$119,674	\$112,157
<i>Total Assets</i>	<u>\$535,702</u>	<u>\$122,386</u>	<u>\$119,674</u>	<u>\$112,157</u>
Fund Balances				
Reserved:				
Land Acquisition Permanent Fund	48,000			
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	487,702	0	0	0
Special Revenue Funds	0	122,386	119,674	112,157
Permanent Fund	0	0	0	0
<i>Total Fund Balances</i>	<u>\$535,702</u>	<u>\$122,386</u>	<u>\$119,674</u>	<u>\$112,157</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2007

(Continued)

	EMS Levy Fund	Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$51,465	\$69,544	\$150,369	\$1,161,297
<i>Total Assets</i>	<u>\$51,465</u>	<u>\$69,544</u>	<u>\$150,369</u>	<u>\$1,161,297</u>
Fund Balances				
Unreserved:				
Reserved:				
Land Acquisition				48,000
Permanent Fund			1,200	1,200
Undesignated (Deficit), Reported in:				
General Fund	0	0	0	487,702
Special Revenue Funds	51,465	69,544	149,098	624,324
Permanent Fund	0	0	71	71
<i>Total Fund Balances</i>	<u>\$51,465</u>	<u>\$69,544</u>	<u>\$150,369</u>	<u>\$1,161,297</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Road and Bridge Fund	Road & Bridge Levy (2 Mill) Fund	Road & Bridge Levy (3 Mill) Fund	EMS Levy Fund	Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$51,945	\$98,118	\$133,749	\$156,502	\$104,253	\$89,182	\$5,404	\$639,153
Licenses, Permits and Fees	0	0	0	0	0	0	2,425	2,425
Intergovernmental	185,514	0	0	0	0	0	94,063	279,577
Special Assessments	215	290	620	511	288	341	170	2,435
Earnings on Investments	29,504	0	0	0	0	0	2,865	32,369
Miscellaneous	573	864	0	0	0	0	0	1,437
Total Receipts	267,751	99,272	134,369	157,013	104,541	89,523	104,927	957,396
Disbursements								
Current:								
General Government	205,717	0	121,719	49,908	0	0	600	377,944
Public Safety	0	0	0	0	100,000	86,285	0	186,285
Public Works	0	38,156	0	125,329	0	0	39,514	202,999
Capital Outlay	0	0	9,608	0	0	0	13,605	23,213
Debt Service:								
Principal Retirement	0	7,103	0	0	0	0	0	7,103
Interest and Fiscal Charges	0	628	0	0	0	0	0	628
Total Disbursements	205,717	45,887	131,327	175,237	100,000	86,285	53,719	798,172
Excess of Receipts Over (Under) Disbursements	62,034	53,385	3,042	(18,224)	4,541	3,238	51,208	159,224
Net Change in Fund Balances	62,034	53,385	3,042	(18,224)	4,541	3,238	51,208	159,224
Fund Balances Beginning of Year (See Note 4)	473,668	69,001	116,632	130,381	46,924	66,306	99,161	1,002,073
Fund Balances End of Year	\$535,702	\$122,386	\$119,674	\$112,157	\$51,465	\$69,544	\$150,369	\$1,161,297

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$52,542	\$59,098	\$51,945	(\$7,153)
Intergovernmental	78,100	71,544	185,514	113,970
Special Assessments	0	0	215	215
Earnings on Investments	0	0	29,504	29,504
Miscellaneous	0	0	573	573
<i>Total receipts</i>	<u>130,642</u>	<u>130,642</u>	<u>267,751</u>	<u>137,109</u>
Disbursements				
Current:				
General Government	312,000	312,000	205,717	106,283
Capital Outlay	250,000	250,000	0	250,000
<i>Total Disbursements</i>	<u>562,000</u>	<u>562,000</u>	<u>205,717</u>	<u>356,283</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(431,358)</u>	<u>(431,358)</u>	<u>62,034</u>	<u>493,392</u>
<i>Net Change in Fund Balance</i>	<u>(431,358)</u>	<u>(431,358)</u>	<u>62,034</u>	<u>493,392</u>
<i>Fund Balance Beginning of Year</i>	<u>473,668</u>	<u>473,668</u>	<u>473,668</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$42,310</u>	<u>\$42,310</u>	<u>\$535,702</u>	<u>\$493,392</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge
For the Year Ended December 31, 2007

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$99,247	\$111,630	\$98,118	(\$13,512)
Intergovernmental	1,200	0	0	0
Special Assessments	0	0	290	290
Miscellaneous	0	0	864	864
<i>Total receipts</i>	<u>100,447</u>	<u>111,630</u>	<u>99,272</u>	<u>(12,358)</u>
Disbursements				
Current:				
Public Works	120,000	120,000	38,156	81,844
Capital Outlay	30,000	30,000	0	30,000
Debt Service:				
Principal Retirement	0	0	7,103	(7,103)
Interest and Fiscal Charges	0	0	628	(628)
<i>Total Disbursements</i>	<u>150,000</u>	<u>150,000</u>	<u>45,887</u>	<u>104,113</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(49,553)</u>	<u>(38,370)</u>	<u>53,385</u>	<u>91,755</u>
<i>Net Change in Fund Balance</i>	(49,553)	(38,370)	53,385	91,755
<i>Fund Balance Beginning of Year</i>	<u>69,001</u>	<u>69,001</u>	<u>69,001</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$19,448</u></u>	<u><u>\$30,631</u></u>	<u><u>\$122,386</u></u>	<u><u>\$91,755</u></u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge (2 Mil)
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$99,733	\$101,164	\$133,749	\$32,585
Special Assessments	0	0	620	620
<i>Total receipts</i>	<u>99,733</u>	<u>101,164</u>	<u>134,369</u>	<u>33,205</u>
Disbursements				
Current:				
General Government	160,000	160,000	121,719	38,281
Capital Outlay	40,000	40,000	9,608	30,392
<i>Total Disbursements</i>	<u>200,000</u>	<u>200,000</u>	<u>131,327</u>	<u>68,673</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(100,267)</u>	<u>(98,836)</u>	<u>3,042</u>	<u>101,878</u>
<i>Net Change in Fund Balance</i>	(100,267)	(98,836)	3,042	101,878
<i>Fund Balance Beginning of Year</i>	<u>116,632</u>	<u>116,632</u>	<u>116,632</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$16,365</u>	<u>\$17,796</u>	<u>\$119,674</u>	<u>\$101,878</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge (3 Mil)
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$175,052	\$177,855	\$156,502	(\$21,353)
Special Assessments	500	0	511	511
<i>Total receipts</i>	175,552	177,855	157,013	(20,842)
Disbursements				
Current:				
General Government	75,000	75,000	49,908	25,092
Public Works	200,000	200,000	125,329	74,671
Human Services	5,000	5,000	0	5,000
<i>Total Disbursements</i>	280,000	280,000	175,237	104,763
<i>Excess of Receipts Over (Under) Disbursements</i>	(104,448)	(102,145)	(18,224)	83,921
<i>Net Change in Fund Balance</i>	(104,448)	(102,145)	(18,224)	83,921
<i>Fund Balance Beginning of Year</i>	130,381	130,381	130,381	0
<i>Fund Balance End of Year</i>	\$25,933	\$28,236	\$112,157	\$83,921

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
EMS Levy
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$116,701	\$118,570	\$104,253	(\$14,317)
Special Assessments	0	0	288	288
<i>Total receipts</i>	116,701	118,570	104,541	(14,029)
Disbursements				
Current:				
Public Safety	110,000	110,000	100,000	10,000
Public Works	25,000	25,000	0	25,000
Health	25,000	25,000	0	25,000
<i>Total Disbursements</i>	160,000	160,000	100,000	60,000
<i>Excess of Receipts Over (Under) Disbursements</i>	(43,299)	(41,430)	4,541	45,971
<i>Net Change in Fund Balance</i>	(43,299)	(41,430)	4,541	45,971
<i>Fund Balance Beginning of Year</i>	46,924	46,924	46,924	0
<i>Fund Balance End of Year</i>	\$3,625	\$5,494	\$51,465	\$45,971

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Levy
For the Year Ended December 31, 2007

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$99,733	\$101,164	\$89,182	(\$11,982)
Special Assessments	0	0	341	341
<i>Total receipts</i>	<u>99,733</u>	<u>101,164</u>	<u>89,523</u>	<u>(11,641)</u>
Disbursements				
Current:				
Public Safety	110,000 #	110,000	86,285	23,715
Public Works	40,000	40,000	0	40,000
<i>Total Disbursements</i>	<u>150,000</u>	<u>150,000</u>	<u>86,285</u>	<u>63,715</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(50,267)</u>	<u>(48,836)</u>	<u>3,238</u>	<u>52,074</u>
<i>Net Change in Fund Balance</i>	(50,267)	(48,836)	3,238	52,074
<i>Fund Balance Beginning of Year</i>	<u>66,306</u>	<u>66,306</u>	<u>66,306</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$16,039</u>	<u>\$17,470</u>	<u>\$69,544</u>	<u>\$52,074</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY

Statement of Net Assets - Cash Basis

December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,002,073
<i>Total Assets</i>	<u><u>\$1,002,073</u></u>
Net Assets	
Restricted for:	
Land Acquisition (General Fund)	\$48,000
Permanent Fund: Trust Hoffman	
Expendable	71
Nonexpendable	1,200
Other Purposes	516,816
Unrestricted	435,986
<i>Total Net Assets</i>	<u><u>\$1,002,073</u></u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY

Statement of Activities - Cash Basis

For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Total
Governmental Activities					
General Government	\$288,762	\$4,124	\$76,174	(\$208,464)	(\$208,464)
Public Safety	186,647	0	0	(186,647)	(186,647)
Public Works	226,477	6,750	82,502	(137,225)	(137,225)
Health	125	0	0	(125)	(125)
Other	0	3,588	36,274	39,862	39,862
Capital Outlay	20,050	0	0	(20,050)	(20,050)
Debt Service:					
Principal	15,641	0	0	(15,641)	(15,641)
Interest	1,269	0	0	(1,269)	(1,269)
<i>Total Governmental Activities</i>	<u>\$738,971</u>	<u>\$14,462</u>	<u>\$194,950</u>	<u>(\$529,559)</u>	<u>(\$529,559)</u>
General Receipts					
Property Taxes				\$610,785	\$610,785
Other Taxes				4,347	4,347
Grants and Entitlements not Restricted to Specific Programs				251,555	251,555
Miscellaneous				3,884	3,884
<i>Total General Receipts</i>				870,571	870,571
Change in Net Assets				341,012	341,012
<i>Net Assets Beginning of Year (See Note 3)</i>				661,061	661,061
<i>Net Assets End of Year</i>				<u>\$1,002,073</u>	<u>\$1,002,073</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2006

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road Levy (2 Mill) Fund</u>	<u>Road Levy (3 Mill) Fund</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$473,668	\$62,188	\$116,632	\$130,380
<i>Total Assets</i>	<u>\$473,668</u>	<u>\$62,188</u>	<u>\$116,632</u>	<u>\$130,380</u>
Fund Balances				
Reserved:				
Land Acquisition Permanent Fund	48,000			
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	425,668	0	0	0
Special Revenue Funds	0	62,188	116,632	130,380
Permanent Fund	0	0	0	0
<i>Total Fund Balances</i>	<u>\$473,668</u>	<u>\$62,188</u>	<u>\$116,632</u>	<u>\$130,380</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2006

(Continued)

	EMS Levy Fund	Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$46,923	\$66,305	\$105,977	\$1,002,073
<i>Total Assets</i>	<u>\$46,923</u>	<u>\$66,305</u>	<u>\$105,977</u>	<u>\$1,002,073</u>
Fund Balances				
Reserved:				
Land Acquisition				48,000
Permanent Fund			1,200	1,200
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	0	0	0	425,668
Special Revenue Funds	46,923	66,305	104,706	527,134
Permanent Fund	0	0	71	71
<i>Total Fund Balances</i>	<u>\$46,923</u>	<u>\$66,305</u>	<u>\$105,977</u>	<u>\$1,002,073</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax Fund	Road & Bridge Levy (2 Mill) Fund	Road & Bridge Levy (3 Mill) Fund	EMS Levy Fund	Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$46,320	\$0	\$154,314	\$131,907	\$102,817	\$87,935	\$91,839	\$615,132
Licenses, Permits and Fees	0	0	0	0	0	0	3,266	3,266
Intergovernmental	345,489	82,502	0	0	0	0	6,750	434,741
Special Assessments	0	0	0	0	0	0	4,111	4,111
Earnings on Investments	16,950	1,209	0	0	0	0	384	18,543
Miscellaneous	2,503	0	0	1,687	0	0	0	4,190
Total Receipts	411,262	83,711	154,314	133,594	102,817	87,935	106,350	1,079,983
Disbursements								
Current:								
General Government	161,011	0	120,058	0	0	0	7,693	288,762
Public Safety	0	0	0	0	100,000	86,647	0	186,647
Public Works	6,701	91,181	0	89,853	0	0	38,742	226,477
Health	0	0	0	0	0	0	125	125
Capital Outlay	0	0	0	0	0	0	20,050	20,050
Debt Service:								
Principal Retirement	0	0	0	0	0	0	15,641	15,641
Interest and Fiscal Charges	0	0	0	0	0	0	1,269	1,269
Total Disbursements	167,712	91,181	120,058	89,853	100,000	86,647	83,520	738,971
Excess of Receipts Over (Under) Disbursements	243,550	(7,470)	34,256	43,741	2,817	1,288	22,830	341,012
Net Change in Fund Balances	243,550	(7,470)	34,256	43,741	2,817	1,288	22,830	341,012
Fund Balances Beginning of Year (See Note 3)	230,118	69,657	82,376	86,640	44,107	65,018	83,145	661,061
Fund Balances End of Year	\$473,668	\$62,187	\$116,632	\$130,381	\$46,924	\$66,306	\$105,975	\$1,002,073

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$50,830	\$52,542	\$46,320	(\$6,222)
Intergovernmental	86,520	86,520	345,489	258,969
Earnings on Investments	0	0	16,950	16,950
Miscellaneous	0	0	2,503	2,503
<i>Total receipts</i>	<u>137,350</u>	<u>139,062</u>	<u>411,262</u>	<u>272,200</u>
Disbursements				
Current:				
General Government	277,500	277,500	161,011	116,489
Public Works	10,000	10,000	6,701	3,299
<i>Total Disbursements</i>	<u>287,500</u>	<u>287,500</u>	<u>167,712</u>	<u>119,788</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(150,150)</u>	<u>(148,438)</u>	<u>243,550</u>	<u>391,988</u>
<i>Net Change in Fund Balance</i>	(150,150)	(148,438)	243,550	391,988
<i>Fund Balance Beginning of Year</i>	<u>230,118</u>	<u>230,118</u>	<u>230,118</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$79,968</u>	<u>\$81,680</u>	<u>\$473,668</u>	<u>\$391,988</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$67,465	\$67,465	\$82,502	\$15,037
Earnings on Investments	0	0	1,209	1,209
<i>Total receipts</i>	<u>67,465</u>	<u>67,465</u>	<u>83,711</u>	<u>16,246</u>
Disbursements				
Current:				
Public Works	120,000	120,000	91,181	28,819
<i>Total Disbursements</i>	<u>120,000</u>	<u>120,000</u>	<u>91,181</u>	<u>28,819</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(52,535)</u>	<u>(52,535)</u>	<u>(7,470)</u>	<u>45,065</u>
<i>Net Change in Fund Balance</i>	<u>(52,535)</u>	<u>(52,535)</u>	<u>(7,470)</u>	<u>45,065</u>
<i>Fund Balance Beginning of Year</i>	<u>69,657</u>	<u>69,657</u>	<u>69,657</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$17,122</u>	<u>\$17,122</u>	<u>\$62,187</u>	<u>\$45,065</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge (2 Mil)
For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with
				Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$96,446	\$99,733	\$154,314	\$54,581
Intergovernmental	206	206	0	(206)
<i>Total receipts</i>	96,652	99,939	154,314	54,375
Disbursements				
Current:				
General Government	150,000	150,000	120,058	29,942
Capital Outlay	25,000	25,000	0	25,000
<i>Total Disbursements</i>	175,000	175,000	120,058	54,942
<i>Excess of Receipts Over (Under) Disbursements</i>	(78,348)	(75,061)	34,256	109,317
<i>Net Change in Fund Balance</i>	(78,348)	(75,061)	34,256	109,317
<i>Fund Balance Beginning of Year</i>	82,376	82,376	82,376	0
<i>Fund Balance End of Year</i>	\$4,028	\$7,315	\$116,632	\$109,317

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge (3 Mil)
For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with
				Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$104,574	\$175,052	\$131,907	(\$43,145)
Intergovernmental	515	515	0	(515)
Miscellaneous	0	0	1,687	1,687
<i>Total receipts</i>	<u>105,089</u>	<u>175,567</u>	<u>133,594</u>	<u>(41,973)</u>
Disbursements				
Current:				
Public Works	190,000	190,000	89,853	100,147
<i>Total Disbursements</i>	<u>190,000</u>	<u>190,000</u>	<u>89,853</u>	<u>100,147</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(84,911)</u>	<u>(14,433)</u>	<u>43,741</u>	<u>58,174</u>
<i>Net Change in Fund Balance</i>	(84,911)	(14,433)	43,741	58,174
<i>Fund Balance Beginning of Year</i>	<u>86,640</u>	<u>86,640</u>	<u>86,640</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,729</u></u>	<u><u>\$72,207</u></u>	<u><u>\$130,381</u></u>	<u><u>\$58,174</u></u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
EMS Levy
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with
				Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$112,956	\$116,701	\$102,817	(\$13,884)
Intergovernmental	515	515	0	(515)
<i>Total receipts</i>	<u>113,471</u>	<u>117,216</u>	<u>102,817</u>	<u>(14,399)</u>
Disbursements				
Current:				
Public Safety	110,000	110,000	100,000	10,000
Public Works	10,000	10,000	0	10,000
Health	20,000	20,000	0	20,000
<i>Total Disbursements</i>	<u>140,000</u>	<u>140,000</u>	<u>100,000</u>	<u>40,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(26,529)</u>	<u>(22,784)</u>	<u>2,817</u>	<u>25,601</u>
<i>Net Change in Fund Balance</i>	(26,529)	(22,784)	2,817	25,601
<i>Fund Balance Beginning of Year</i>	<u>44,107</u>	<u>44,107</u>	<u>44,107</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$17,578</u>	<u>\$21,323</u>	<u>\$46,924</u>	<u>\$25,601</u>

See accompanying notes to the basic financial statements

HIRAM TOWNSHIP, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Levy
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with
				Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$96,446	\$99,733	\$87,935	(\$11,798)
Intergovernmental	412	412	0	(412)
<i>Total receipts</i>	<u>96,858</u>	<u>100,145</u>	<u>87,935</u>	<u>(12,210)</u>
Disbursements				
Current:				
Public Safety	100,000	100,000	86,647	13,353
Public Works	45,000	45,000	0	45,000
<i>Total Disbursements</i>	<u>145,000</u>	<u>145,000</u>	<u>86,647</u>	<u>58,353</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(48,142)</u>	<u>(44,855)</u>	<u>1,288</u>	<u>46,143</u>
<i>Net Change in Fund Balance</i>	(48,142)	(44,855)	1,288	46,143
<i>Fund Balance Beginning of Year</i>	<u>65,018</u>	<u>65,018</u>	<u>65,018</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$16,876</u>	<u>\$20,163</u>	<u>\$66,306</u>	<u>\$46,143</u>

See accompanying notes to the basic financial statements

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – REPORTING ENTITY

The Hiram Township, Portage County, Ohio (the Township), is a body politic and corporate established in 1817 to exercise 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised solely of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Village of Hiram to provide fire protection and emergency medical services.

B. Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 8 to the financial statements provides additional information for this entity.

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 cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township has no proprietary funds. 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 fund financial statements 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. The Township only has governmental activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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.

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 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 all governmental funds.

Governmental Funds

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

General Fund – This fund is used to account for all financial resources, 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 Fund - This fund receive property tax money for constructing, maintaining, and repairing Township roads and bridges. This was a Major Fund in 2007 only.

Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads. This was a Major Fund for 2006 only.

Special Levy Road and Bridge Funds – These funds receives property taxes for maintaining and repairing Township roads and bridges. The Road and Bridge Fund was a Major Fund for 2007 only, the Special Levies Road and Bridge Funds were Major Funds in both years.

EMS Levy Fund – This fund receives property tax monies for the contract agreement for EMS Services.

Fire Levy Fund – This fund receives property tax monies for the contract agreement for Fire Services.

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

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, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, 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 resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

The appropriations resolution 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 resolution 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 Investments

To improve cash management, cash received by the Township is pooled. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. The Township has no investments with an initial maturity of more than three months.

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

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, respectively.

During 2007 and 2006, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2007 and 2006 were \$29,504 and \$16,950 respectively, with interest receipts of \$2,865 and \$1,593 credited to other Township Funds respectively (i.e., Motor Vehicle License (MVL), Gas Tax & Permissive MVL and Permanent 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. Restricted assets represent Land Acquisition of \$48,000 and Permanent Fund of \$1,200.

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

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for land acquisition and the Hoffman trust fund.

N. Fund Balance Reserves

The Township's 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 land acquisition and the permanent fund.

Note 3 – PRIOR PERIOD ADJUSTMENT

The prior audit report reflected an audit adjustment to the financial statements for certificates of deposits that were not on the books. The Township made the adjustment to its books in 2006. This had an effect on reconciling the 2005 year-end fund balance and nets assets to the 2006 beginning fund balance and net assets.

	Fund Balance – General Fund	Net Assets – Governmental Activities
December 31, 2005	\$278,118	\$709,061
Restatement Amount	(48,000)	(48,000)
January 1, 2006 (After Restatement Amount)	\$230,118	\$661,061

Note 4 – MAJOR FUND CHANGE

There was a change in Major Funds presentation from 2006 and 2007. This change had no effect on the total fund balances, however, it had an effect on the financial statement presentation of the beginning fund balances for the following funds on the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances Governmental Funds:

The **Gasoline Tax Fund** was a Major Fund in 2006 but not in 2007; **Road and Bridge Fund** was a Major Fund in 2007 but not in 2006; For **Other Governmental Funds**, the 2007 beginning fund balance amount presented on the financial statements has changed.

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – 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 Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, road and bridge fund (2007 only), road and bridge levy 2 mill fund, road and bridge levy 3 mill fund, EMS levy fund, fire levy fund and gasoline tax fund (2006 only) are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 6 – DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Trustees have 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 held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 - DEPOSITS AND INVESTMENTS (Continued)

7. The State Treasurer's investment pool (STAR Ohio).

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.

At year end, the Township had \$909,089 in undeposited cash on hand which is included as part of *Equity in Pooled Cash and Cash Equivalents* on the financial statements.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Township deposits were fully *collateralized with securities held by the pledging financial institution*.

The Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Interest Rate Risk - As a means to limiting its exposure to fair value losses caused by raising interest rates, the Township investment policy requires that operating funds to invested primarily in short-term investments maturing in a relatively short period of time from the date of purchase (a three months term).

Credit Risk - The Township investment policy limits its investments choices to those investments maturing within a relatively short period of time.

Concentration Credit Risk - The Township places no limit on the amount it may invest in short term investments.

Note 7 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 and 2006 for real and public utility property taxes represents collections of the 2006 and 2005 taxes. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2007 and 2006 taxes.

2007 and 2006 real property taxes are levied after October 1, 2006 and 2005 on the assessed values as of January 1, 2007 and 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 and 2006 real property taxes are collected in and intended to finance 2008 and 2007.

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 - PROPERTY TAXES (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 and 2006 public utility property taxes which became a lien on December 31, 2006 and 2005, are levied after October 1, 2007 and 2006, and are collected in 2007 and 2006 with real property taxes.

2007 and 2006 tangible property taxes are levied after October 1, 2006 and 2005, on the value as of December 31, 2006 and 2005. Collections are made in 2007 and 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2007 was \$12.60 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$55,744,740
Manufactured Homes	18,760
All Other	279,610
Public Utility Property	
Personal	1,621,660
Tangible Personal Property	712,230
Total Assessed Value	<u>\$58,377,000</u>

The full tax rate for all Township operations for the year ended December 31, 2006, was \$12.60 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$54,209,700
Manufactured Homes	18,760
All Other	276,540
Public Utility Property	
Personal	1,676,260
Tangible Personal Property	293,250
Total Assessed Value	<u>\$56,474,510</u>

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 - PROPERTY TAXES (Continued)

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

Note 8 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 8 – RISK MANAGEMENT (Continued)

2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

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

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$30,144. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

<u>Contributions to OTARMA</u>	
2005	\$15,072
2006	\$14,355
2007	\$10,768

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

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 8 – RISK MANAGEMENT (Continued)

reported prior to the withdrawal.

Note 9 – DEFINED BENEFIT PENSION PLAN

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 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 percent 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 plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, 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 the year ended December 31, 2007 and 2006, members in state and local classifications contributed 9 percent and 8.5 percent respectively of covered payroll.

The Township's contribution rate for 2007 and 2006 was 13 percent.

Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$44,875, \$31,939, and \$19,925 respectively. The full amount has been contributed for 2007, 2006 and 2005.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 10 - Postemployment Benefits (Continued)

permits, but does not require, OPERS to provide healthcare benefits to 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 provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment 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 postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007 and 2006, local government employers contributed 13 percent of covered payroll.

Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$44,875, \$31,939, and \$19,925 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which 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 healthcare plan.

Note 11 – DEBT

The Township's long-term debt activity including interest for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
<u>Governmental Activities</u>					
Truck Loan	3.75%	\$19,327	\$0	\$7,731	\$11,596

The truck loan was to finance a truck for the Township's Road Department

This debt is backed by the full faith of the Township.

Hiram Township
Portage County

Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 11 – DEBT (Continued)

The following is a summary of the Township's future annual debt service requirements:

Year	Truck Loan	
	Principal	Interest
2008	7,375	356
2009	3,793	72
Totals	<u>\$11,168</u>	<u>\$428</u>

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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

Hiram Township
Portage County
P.O. Box 1827
Hiram, Ohio 44234

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 Hiram Township, Portage County, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 13, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted a certain matter that we reported to the Township's management in a separate letter dated November 13, 2008.

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 did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated November 13, 2008.

We intend this report solely for the information and use of the audit committee, management and Board of Trustee. 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

November 13, 2008



Mary Taylor, CPA
Auditor of State

HIRAM TOWNSHIP

MAHONING 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
DECEMBER 18, 2008**