



**HIRAM TOWNSHIP  
PORTAGE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Hiram Township, Portage County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2000 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 grants.

This report is intended solely for the information and use of the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 21, 2000

**Hiram Township**



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$31,648	\$315,191		\$346,839
Intergovernmental	137,527	40,318		177,845
Licenses, Permits, and Fees		8,523		8,523
Earnings on Investments	20,354	1,494		21,848
Other Revenue	5,383	12,634		18,017
	<u>194,912</u>	<u>378,160</u>		<u>573,072</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	212,266	6,092		218,358
Public Safety		93,122		93,122
Public Works	3,205	161,322		164,527
Capital Outlay		75,179		75,179
	<u>215,471</u>	<u>335,715</u>		<u>551,186</u>
Total Receipts Over/(Under) Disbursements	<u>(20,559)</u>	<u>42,445</u>		<u>21,886</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Sources	10			10
	<u>10</u>			<u>10</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,549)	42,445		21,896
Fund Cash Balances, January 1	254,908	249,835	146	504,889
<b>Fund Cash Balances, December 31</b>	<b><u>\$234,359</u></b>	<b><u>\$292,280</u></b>	<b><u>\$146</u></b>	<b><u>\$526,785</u></b>

*The notes to the financial statements are an integral part of this statement.*

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>	
Interest	\$52
<b>Operating Cash Disbursements:</b>	
Total Operating Cash Disbursements	_____
Operating Income/(Loss)	52
Fund Cash Balances, January 1	1,285
<b>Fund Cash Balances, December 31</b>	<b>\$1,337</b>

*The notes to the financial statements are an integral part of this statement.*



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$36,907	\$316,148		\$353,055
Intergovernmental	116,619	39,309		155,928
Licenses, Permits, and Fees		5,105		5,105
Earnings on Investments	22,008	1,204		23,212
Other Revenue	16,659	17,192		33,851
	<u>192,193</u>	<u>378,958</u>		<u>571,151</u>
<b>Total Cash Receipts</b>				
	<u>192,193</u>	<u>378,958</u>		<u>571,151</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	169,725	1,318		171,043
Public Safety		161,906		161,906
Public Works	1,473	209,016		210,489
Capital Outlay	156	33,797		33,953
	<u>171,354</u>	<u>406,037</u>		<u>577,391</u>
<b>Total Cash Disbursements</b>				
	<u>171,354</u>	<u>406,037</u>		<u>577,391</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>20,839</u>	<u>(27,079)</u>		<u>(6,240)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Notes		29,000		29,000
Other Sources	1,184			1,184
	<u>1,184</u>	<u>29,000</u>		<u>30,184</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>1,184</u>	<u>29,000</u>		<u>30,184</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>22,023</u>	<u>1,921</u>		<u>23,944</u>
<b>Fund Cash Balances, January 1</b>	<u>232,885</u>	<u>247,914</u>	<u>146</u>	<u>480,945</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$254,908</b></u>	<u><b>\$249,835</b></u>	<u><b>\$146</b></u>	<u><b>\$504,889</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$31,905</b></u>	<u><b>\$103,984</b></u>		<u><b>\$135,889</b></u>

*The notes to the financial statements are an integral part of this statement.*

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>	
Interest	\$66
<b>Operating Cash Disbursements:</b>	
Total Operating Cash Disbursements	_____
Operating Income/(Loss)	66
Fund Cash Balances, January 1	1,219
<b>Fund Cash Balances, December 31</b>	<b>\$1,285</b>

*The notes to the financial statements are an integral part of this statement.*

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Hiram Township, Portage County, is a body corporate and politic established 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 provides general governmental services, park operations (leisure time activity and police. The Township contracts with the Village of Hiram to provide fire services and with Emergency Medical Services, Inc., to provide ambulance services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Township pooled all money from the Governmental Funds into a money market demand account.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Special Levy Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Special Levy Fire Fund - This fund receives property tax money to be use for providing fire protection.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

**4. Fiduciary Funds (Trust Fund)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
(Continued)

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$13,965	\$8,890
Money Market Account	514,157	497,284
Demand deposits	<u>\$528,122</u>	<u>\$506,174</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1997 and 1996 were as follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,836	\$194,922	\$78,086
Special Revenue	369,786	378,160	8,374
Debt Service	29,381	0	(29,381)
Fiduciary	0	52	52
Total	<u>\$516,003</u>	<u>\$573,134</u>	<u>\$57,131</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$350,000	\$215,471	\$134,529
Special Revenue	595,600	335,715	259,885
Debt Service	29,380	0	29,380
Fiduciary	0	0	0
Total	<u>\$974,980</u>	<u>\$551,186</u>	<u>\$423,794</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,132	\$193,377	\$101,245
Special Revenue	352,688	407,958	55,270
Debt Service	22,316	0	(22,316)
Fiduciary	0	66	66
Total	<u>\$467,136</u>	<u>\$601,401</u>	<u>\$134,265</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$253,013	\$203,259	\$49,754
Special Revenue	573,416	510,021	63,395
Debt Service	22,316	0	22,316
Fiduciary	0	0	0
Total	<u>\$848,745</u>	<u>\$713,280</u>	<u>\$135,465</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Truck Loan (11-3-98)	\$23,200	4.36%
Excavator Loan (4/16/96)	<u>19,894</u>	5%
Total	<u>\$43,094</u>	

The general obligation notes was issued to finance the purchase of a road truck and excavator equipment.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**5. DEBT (Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Truck Loan	Excavator Loan
2000	\$6,812	\$20,102
2001	6,559	0
2002	6,306	0
2003	6,053	0
Total	\$25,730	\$20,102

**6. RETIREMENT SYSTEMS**

The Township's employees and all elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
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 accompanying financial statements of Hiram Township, Portage County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 21, 2000.

Hiram Township  
Portage County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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This report is intended for the information and use of the management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 21, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HIRAM TOWNSHIP**

**PORTAGE 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  
MAY 4, 2000**