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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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VILLAGE OF HIRAM

PORTAGE COUNTY, OHIO

**REGULAR AUDIT**

*A&A*

For the Years Ended

December 31, 2017 and 2016

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# Dave Yost • Auditor of State

Village Council  
Village of Hiram  
11617 Garfield Road  
P.O. Box 65  
Hiram, Ohio 44234-0065

We have reviewed the *Independent Auditor's Report* of the Village of Hiram, Portage County, prepared by Alger & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Hiram is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 9, 2018



**VILLAGE OF HIRAM  
PORTAGE COUNTY**

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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## INDEPENDENT AUDITOR'S REPORT

Village of Hiram  
Portage County  
11617 Garfield Road  
Box 65  
Hiram, Oh. 44234-0065

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Hiram, Portage County, Ohio (the Village) as of and for the years ended December 31, 2017 and December 31, 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

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Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and December 31, 2016, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Hiram, Portage County as of December 31, 2017 and December 31, 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Alger and Associates Inc  
Associates Inc  
Digitally signed by Alger and Associates Inc.  
DN: cn=Alger and Associates Inc. o,  
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Date: 2018.06.19 20:35:53 -04'00'

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

June 4, 2018



**Village of Hiram Ohio**  
**Portage County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
For the Year Ended December 31, 2017

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$55,839	\$48,114	\$0	\$103,953
Municipal Income Tax	440,929	0	8,894	449,823
Intergovernmental	67,748	58,572	0	126,320
Charges for Services	36,305	386,540	16,000	438,845
Fines, Licenses and Permits	33,984	173	0	34,157
Earnings on Investments	22,796	3,015	0	25,811
Miscellaneous	19,538	11,249	0	30,787
<i>Total Cash Receipts</i>	<u>677,139</u>	<u>507,663</u>	<u>24,894</u>	<u>1,209,696</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	413,465	22,628	0	436,093
Public Health Services	0	385,820	0	385,820
Leisure Time Activities	12,605	0	1,545	14,150
Community Environment	7,036	0	0	7,036
Basic Utility Services	2,187	0	0	2,187
Transportation	138,027	22,262	0	160,289
General Government	107,215	160,271	0	267,486
Capital Outlay	0	0	180,228	180,228
Debt Service:				
Principal Retirement	0	0	6,123	6,123
Interest and Fiscal Charges	0	0	477	477
<i>Total Cash Disbursements</i>	<u>680,535</u>	<u>590,981</u>	<u>188,373</u>	<u>1,459,889</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,396)</u>	<u>(83,318)</u>	<u>(163,479)</u>	<u>(250,193)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Loans Issued	0	0	100,220	100,220
Sale of Capital Assets	0	0	11,000	11,000
Transfers In	0	975	58,977	59,952
Transfers Out	(59,952)	0	0	(59,952)
Advances In	2,342	9,551	0	11,893
Advances Out	(9,551)	(2,342)	0	(11,893)
Other Financing Sources	0	107	0	107
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(67,161)</u>	<u>8,291</u>	<u>170,197</u>	<u>111,327</u>
<i>Net Change in Fund Cash Balances</i>	<u>(70,557)</u>	<u>(75,027)</u>	<u>6,718</u>	<u>(138,866)</u>
<i>Fund Cash Balances, January 1</i>	<u>369,302</u>	<u>410,073</u>	<u>347,945</u>	<u>1,127,320</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	335,046	354,663	689,709
Assigned	85,798	0	0	85,798
Unassigned (Deficit)	212,947	0	0	212,947
<i>Fund Cash Balances, December 31</i>	<u>\$298,745</u>	<u>\$335,046</u>	<u>\$354,663</u>	<u>\$988,454</u>

See accompanying notes to the basic financial statements

**Village of Hiram Ohio**  
**Portage County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
For the Year Ended December 31, 2017

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$477,737	\$0	\$477,737
<i>Total Operating Cash Receipts</i>	<u>477,737</u>	<u>0</u>	<u>477,737</u>
<b>Operating Cash Disbursements</b>			
Personal Services	168,971	0	168,971
Employee Fringe Benefits	66,439	0	66,439
Contractual Services	145,948	0	145,948
Supplies and Materials	56,772	6,204	62,976
Other	2	0	2
<i>Total Operating Cash Disbursements</i>	<u>438,132</u>	<u>6,204</u>	<u>444,336</u>
<i>Operating Income (Loss)</i>	<u>39,605</u>	<u>(6,204)</u>	<u>33,401</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	3,536	0	3,536
Earnings on Investments (proprietary funds only)	4,236	0	4,236
Miscellaneous Receipts	1,620	5,658	7,278
Capital Outlay	(12,089)	0	(12,089)
Principal Retirement	(57,670)	0	(57,670)
Interest and Other Fiscal Charges	(3,176)	0	(3,176)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(63,543)</u>	<u>5,658</u>	<u>(57,885)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(23,938)</u>	<u>(546)</u>	<u>(24,484)</u>
<i>Fund Cash Balances, January 1</i>	<u>753,263</u>	<u>15,473</u>	<u>768,736</u>
<i>Fund Cash Balances, December 31</i>	<u>\$729,325</u>	<u>\$14,927</u>	<u>\$744,252</u>

*See accompanying notes to the basic financial statements*

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Hiram (the Village), Portage County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, maintenance of Village roads, park operations, and police and fire services. The Village appropriates general fund money to support a fire department.

***Public Entity Risk Pools***

The Village participates in one public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

Public Entity Risk Pool:  
*Ohio Municipal Joint Self-Insurance Pool*

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds 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. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** – The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Ambulance/EMS Fund*** – This fund accounts for and reports money received from the collection of EMS levy funds from both the Hiram Township and Village as well as ambulance run fees charged to non-residents of the Village.

***Land and Water Conservation Grant Fund*** – This fund receives money from the Ohio Department of Natural Resources through the Federal Land and Water Conservation Fund program to provide financial assistance for public recreation purposes.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies** *(continued)*

**Fund Accounting** *(continued)*

**Nature Works Grand Fund** – This fund receives money from the Ohio Department of Natural Resources through the State to provide financial assistance for public recreation purposes.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**Sidewalks on State Routes Improvement Fund** – This fund receives transfers-in from the General Fund and a reimbursing grant from the Ohio Department of Transportation to finance sidewalks on state routes.

**Hike and Bike Trail Improvement Fund** – This fund receives money from the Ohio Department of Natural Resources and the Ohio Department of Transportation to finance trail improvements.

**Capital Improvement Fund** – This fund receives transfers-in from the General Fund to finance future capital improvements to buildings, equipment, and roads.

**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Operating Fund** – The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charges for services from residents, some non-residents and commercial users to cover water service costs.

**Sewer Operating Fund** – The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents, some non-residents and commercial users to cover sewer service costs.

**Water Capital Improvement Fund** – This fund receives transfers-in from the Water Operating Fund to finance future water capital improvements.

**Sewer Capital Improvement Fund** – This fund receives transfers-in from the Sewer Operating Fund to finance future sewer capital improvements.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments.

Village had the following significant Agency Fund:

**Hiram Beautification Commission Fund** - This fund receives money from Hiram College endowment. The Village is purely custodial for the Beautification Commission. The Village disburses these funds as directed by the Commission to purchase and planning of trees and flowers in addition to general upkeep activities of public gardens for the beautification of Hiram's academic Village consisting of the Village, the College, and the Township.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies** *(continued)*

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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 approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 2 - Summary of Significant Accounting Policies** *(continued)*

**Fund Balance** *(continued)*

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

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**Note 3 - Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following tested funds for the year ended December 31, 2017:

Fund	Appropriations Plus Prior Year Encumbrances	Expenditures Plus Encumbrances	Excess
Special Revenue			
State Highway	2,980	7,858	4,878
Cemetery	6,345	14,424	8,079
Body Armor Grant	-	2,342	2,342
Land & Water Conservation	97,158	119,359	22,201
Nature Works Grant	36,002	40,644	4,642
Capital Outlay			
Capital Improvement Fund	18,946	195,259	176,313
Enterprise			
Water Capital Improvement	33,696	91,697	58,001
Sewer Capital Improvement	5,000	20,086	15,086

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 – Compliance** *(continued)*

Contrary to Ohio law, the following funds had appropriations in excess of estimated resources as of December 31, 2017.

	Estimated Available Resources	Appropriations	Excess
Special Revenue Funds:			
Body Armor Grant	(\$1,426)	\$0	\$1,426
Land and Water Conservation	(\$108,000)	\$779	\$108,779
Nature Walk Grant	(\$14,137)	\$36,002	\$50,139
Capital Projects			
Sidewalks on State Routes Grant	(\$18,135)	\$0	\$18,135
Hike and Bike Trail Grant	(\$31,202)	\$0	\$31,202
Enterprise			
Water	\$258,618	\$290,382	\$31,764

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,137,044	\$677,139	(\$459,905)
Special Revenue	232,220	508,745	276,525
Capital Projects	0	195,091	195,091
Enterprise	632,392	487,129	(145,263)
Fiduciary	0	5,658	5,658
Total	<u>\$2,001,656</u>	<u>\$1,873,762</u>	<u>(\$127,894)</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$957,940	\$754,751	\$203,189
Special Revenue	430,317	608,340	(178,023)
Capital Projects	18,946	195,259	(176,313)
Enterprise	628,552	560,091	68,461
Fiduciary	3,000	6,589	(3,589)
Total	<u>\$2,038,755</u>	<u>\$2,125,030</u>	<u>(\$86,275)</u>

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Demand deposits	<u>(\$45,279)</u>
Money Market Investment Account	<u>1,777,985</u>
Total deposits and investments	<u><u>\$1,732,706</u></u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

***Investments***

During 2016, the Village invested in a money market fund which is recorded at the amount reported by Middlefield Bank Company. A financial institution's insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Note 6 – Taxes**

***Property Taxes***

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

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

***Income Taxes***

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another municipality or 100 percent of the 2 percent tax rate on taxable income. The proceeds are placed into the General Fund.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. All payments are collected through an agreement with the Regional Income Tax Agency, Inc. and distributed to the Village on a semi-monthly basis.



**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 – Interfund Balances**

***Advances***

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

In February of 2016, the General Fund advanced \$108,000 to the Land and Water Conservation Grant Fund (2910) and \$50,139 to the Nature Works Grant Fund (2911) for development of a new Village Park. In May of 2017, the General Fund advanced an additional \$779 to the Land and Water Conservation Grant Fund (2910) for the balance of the grant awarded to the Village. The LWCF and Nature Works funds are reimbursing grants so once funds are reimbursed to the Village, they can be advanced back to the General Fund. These advances remain open as of December 31, 2017.

In February of 2016, the General Fund advanced \$40,000 to the Hike & Bike Trail Project (4203) towards the development of a public hike & bike trail. The Hike & Bike Trail project is funded partially by a reimbursing grant from the Ohio Department of Natural Resources and the remainder through the Ohio Department of Transportation. Once funds are reimbursed to the Village, they can be advanced back to the General Fund. This advance remains open as of December 31, 2017.

In May of 2016, the General Fund advanced \$8,759 and in June of 2016 an additional advance of \$4,376 to the Capital Project known as the Sidewalks on State Route project (4202). The project estimates came in higher than expected so funds were advanced to cover the balance of our local share. Should there be any amount left at the end of the project, the Village will be refunded the difference. These two advances remain open as of December 31, 2017.

In October of 2016, the General Fund advanced \$3,250 to the State EMS Grant fund (2062). The State EMS Grant fund is a reimbursing fund so when those funds are reimbursed to the Village, the advance will be repaid. This advance remains open as of December 31, 2017.

In May of 2017, the General Fund advanced \$8,772 of an awarded \$9,747 JAG LE (2276) reimbursing grant from the Ohio Criminal Justice Services for the Village's Police Department to procure needed safety equipment. The remaining 10 percent balance of the grant award was the local match which was transferred at the same time. Once funds are reimbursed to the Village, they can be advanced back to the General Fund. This advance remains open as of December 31, 2017.

In December of 2017, the Body Armor Grant Fund (2275) repaid an advance of \$2,342 initially from July of 2015 back to the General Fund from reimbursing grant funds received by the Ohio Department of Justice.

***Transfers***

During 2017 the following transfers were made:

Transfers from the General Fund to:

Capital Improvement Fund – Fire/EMS	\$ <u>26,000</u>
Capital Improvement Fund – Administration	\$ <u>11,340</u>
Capital Improvement Fund – Police	\$ <u>14,383</u>
Capital Improvement Fund – Fire	\$ <u>5,454</u>
Capital Improvement Fund – Streets	\$ <u>1,800</u>
Special Revenue: OH Dept. of Justice/JAG LE	\$ <u>975</u>
Total Transfers from General Fund:	\$ <u>59,952</u>

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 – Interfund Balances** *(continued)*

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For 2017, the transfers from the General Fund to the Capital Improvement Funds consist of the \$26,000 received from Hiram Township per their Fire/EMS contract with the Village and 50 percent of the unencumbered balances for 2016 for the departments listed above operating out of the General Fund (\$32,977). The transfer from the General Fund to the Special Revenue Fund (2276) of \$975 was for the Village’s 10 percent local match of the total grant.

**Note 8 - Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members’ deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2017, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2017.

Assets	\$1,091,882
Liabilities	<u>(757,765)</u>
Accumulated Surplus	\$ <u>334,117</u>

***Public Entity Self Insurance Risk Pool***

The Village participates in the Ohio Municipal League’s Joint Self Insurance Pool through Dawson Insurance Company. The Village also participates in the Ohio Municipal League’s Workers’ Compensation Group Rating Pool with CompManagement as the third party pool administrator.

The Ohio Municipal League was incorporated as an Ohio non-profit corporation in 1952 by city and village officials who saw the need for a statewide association to serve the interests of Ohio municipal government. The Ohio Municipal League is governed by a Board of Trustees, elected by the membership. The Board consists of all past presidents of the League, as long as they are municipal officials, and 28 Trustees elected for two-year terms. Of the 28 Trustees, at least one must be: the mayor of a city or village; a city manager; a fiscal officer or finance director; a solicitor or director of law; a member of a municipal legislative body, other than the mayor. The Board is the policy-making body and appoints an Executive Director to manage the League under their general direction.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 8 - Risk Management** *(continued)*

The Ohio Municipal Joint Self Insurance Pool was established in 1987 to provide municipal corporations coverage in the areas of general liability including public officials and police, auto liability and property. The Pool is an unincorporated tax exempt non-profit organization, governed by its member municipalities. The Pool is sponsored by the Ohio Municipal League and administered and operated by JWF Specialty Company.

The Workers' Compensation Group Rating Pool – Established in 1991 as the result of a state law change, this program offers members of the League who qualify for and join the Pool an opportunity to reduce their annual workers compensation premiums. In addition the members receive assistance with claims administration from CompManagement, Inc., the plan administrator.

The Village provides for medical insurance coverage for all its full-time employees. A full-time employee is one who is scheduled at least 40 hours per work week on a regularly scheduled basis. Medical pre-tax copay is required for the medical insurance coverage from any individual employee of \$35 per paycheck. The current spousal contribution of \$150 per month is in addition to the per paycheck copay. The current family contribution of \$300 per month is in addition to the per paycheck copay. The Village continues to pay 100% of the dental, vision and term life insurance premiums for the full-time employees.

**Note 9 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Village's part-time firefighter/EMT employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 10 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 11 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$114,645	0.02
Middlefield Bank Loan-2015 PD Cruiser	\$9,600	0.035
Middlefield Bank Loan-2017 Rescue Squad	100,220	0.03
Total	\$224,465	

The Ohio Water Development Authority (OWDA) loans relate to sewer system expansion projects that were mandated by the Ohio Environmental Protection Agency. There is one loan outstanding from the OWDA for sewer projects. There is a balance as of December 31, 2017 of \$4,065 which will be repaid in semiannual installments of principal and interest. Loan #3499 will be completely paid in 2022. This loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loans relate to water system projects. There are four loans from the OWDA for water projects. There is a balance as of December 31, 2017 of \$110,580 which will be repaid in semiannual installments of principal and interest. Loan #2749 will be paid in 2018, loan #2750 will be paid in 2019, loan #3498 will be paid in 2021 and loan #3894 will be paid in 2023. These loans are secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village purchased in 2015, a new 2015 Ford Explorer Interceptor for the Hiram Police Department’s fleet of vehicles. There is a balance as of December 31, 2017 of \$9,600 which will be repaid in quarterly installments of principal and interest. The loan through the Middlefield Banking Co. will be repaid by 2019 or sooner.

The Village purchased late in 2017 a new 2017 Ford Life Line Rescue Squad for the Hiram Fire Department’s fleet of vehicles. There is a balance as of December 31, 2017 of \$100,220 which will be repaid in quarterly installments of principal and interest. The loan through the Middlefield Banking Co. will be repaid by December of 2024.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 11 – Debt** *(continued)*

***Amortization***

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

Year Ending December 31:	OWDA Loan	Middlefield	Middlefield
		Bank Loan PD Cruiser	Bank Loan Rescue Squad
2018	\$37,804	\$6,600	\$16,070
2019	26,639	3,300	16,070
2020	20,799	0	16,070
2021	20,799	0	16,070
2022	20,799	0	16,070
2023-2024	1,821	0	32,137
Total	\$128,661	\$9,900	\$112,487

**Leases**

The Village leases buildings, vehicles and other equipment as needed under non-cancelable leases. The Village disbursed \$2,701 to pay lease costs in the year ending December 31, 2017.

**Note 12 – Contingent Liabilities**

The Village was not part of any lawsuits in 2017.

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**Village of Hiram Ohio**  
**Portage County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
All Governmental Fund Types  
For the Year Ended December 31, 2016

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$57,155	\$48,215	\$0	\$105,370
Municipal Income Tax	401,458	0	109,230	510,688
Intergovernmental	64,819	22,655	0	87,474
Charges for Services	40,662	258,977	31,999	331,638
Fines, Licenses and Permits	33,504	120	0	33,624
Earnings on Investments	23,791	3,146	0	26,937
Miscellaneous	18,582	20,067	0	38,649
<i>Total Cash Receipts</i>	<u>639,971</u>	<u>353,180</u>	<u>141,229</u>	<u>1,134,380</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	481,725	10,325	0	492,050
Public Health Services	0	372,731	0	372,731
Leisure Time Activities	1,551	0	52,144	53,695
Community Environment	8,723	0	0	8,723
Basic Utility Services	2,067	0	0	2,067
Transportation	133,342	23,242	71,052	227,636
General Government	127,432	21,434	0	148,866
Capital Outlay	0	0	57,508	57,508
Debt Service:				
Principal Retirement	0	0	5,908	5,908
Interest and Fiscal Charges	0	0	691	691
<i>Total Cash Disbursements</i>	<u>754,840</u>	<u>427,732</u>	<u>187,303</u>	<u>1,369,875</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(114,869)</u>	<u>(74,552)</u>	<u>(46,074)</u>	<u>(235,495)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	0	0	2,528	2,528
Transfers In	0	340	26,000	26,340
Transfers Out	(26,340)	0	0	(26,340)
Advances In	123,338	164,445	53,135	340,918
Advances Out	(217,580)	(3,056)	(120,282)	(340,918)
Other Financing Sources	0	164	0	164
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(120,582)</u>	<u>161,893</u>	<u>(38,619)</u>	<u>2,692</u>
<i>Net Change in Fund Cash Balances</i>	<u>(235,451)</u>	<u>87,341</u>	<u>(84,693)</u>	<u>(232,803)</u>
<i>Fund Cash Balances, January 1 Restated (see note 3)</i>	<u>604,753</u>	<u>322,732</u>	<u>432,638</u>	<u>1,360,123</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	410,073	20,201	430,274
Assigned	112,798	0	327,744	440,542
Unassigned (Deficit)	256,504	0	0	256,504
<i>Fund Cash Balances, December 31</i>	<u>\$369,302</u>	<u>\$410,073</u>	<u>\$347,945</u>	<u>\$1,127,320</u>

See accompanying notes to the basic financial statements

**Village of Hiram Ohio**  
**Portage County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2016*

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$487,680	\$0	\$487,680
<i>Total Operating Cash Receipts</i>	<u>487,680</u>	<u>0</u>	<u>487,680</u>
<b>Operating Cash Disbursements</b>			
Personal Services	163,252	0	163,252
Employee Fringe Benefits	62,822	0	62,822
Contractual Services	115,672	0	115,672
Supplies and Materials	80,664	7,000	87,664
<i>Total Operating Cash Disbursements</i>	<u>422,410</u>	<u>7,000</u>	<u>429,410</u>
<i>Operating Income (Loss)</i>	<u>65,270</u>	<u>(7,000)</u>	<u>58,270</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	1,500	0	1,500
Earnings on Investments (proprietary funds only)	4,421	0	4,421
Miscellaneous Receipts	48	0	48
Capital Outlay	(46,757)	0	(46,757)
Principal Retirement	(74,255)	0	(74,255)
Interest and Other Fiscal Charges	(4,304)	0	(4,304)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(119,347)</u>	<u>0</u>	<u>(119,347)</u>
<i>Net Change in Fund Cash Balances</i>	(54,077)	(7,000)	(61,077)
<i>Fund Cash Balances, January 1</i>	<u>807,340</u>	<u>22,473</u>	<u>829,813</u>
<i>Fund Cash Balances, December 31</i>	<u>\$753,263</u>	<u>\$15,473</u>	<u>\$768,736</u>

*See accompanying notes to the basic financial statements*



**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

The Village of Hiram (the Village), Portage County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, maintenance of Village roads, park operations, and police and fire services. The Village appropriates general fund money to support a fire department.

***Public Entity Risk Pools***

The Village participates in one public entity risk pool. Note 9 to the financial statements provide additional information for this entity.

Public Entity Risk Pool:  
*Ohio Municipal Joint Self-Insurance Pool*

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds 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. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Ambulance/EMS Fund*** – This fund accounts for and reports money received from the collection of EMS levy funds from both the Hiram Township and Village as well as ambulance run fees charged to non-residents of the Village.

***Land and Water Conservation Grant Fund*** – This fund receives money from the Ohio Department of Natural Resources through the Federal Land and Water Conservation Fund program to provide financial assistance for public recreation purposes.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies** *(continued)*

**Fund Accounting** *(continued)*

**Nature Works Grand Fund** – This fund receives money from the Ohio Department of Natural Resources through the State to provide financial assistance for public recreation purposes.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**Sidewalks on State Routes Improvement Fund** – This fund receives transfers-in from the General Fund and a reimbursement grant from the Ohio Department of Transportation to finance sidewalks on state routes.

**Hike and Bike Trail Improvement Fund** – This fund receives money from the Ohio Department of Natural Resources and the Ohio Department of Transportation to finance trail improvements.

**Capital Improvement Fund** – This fund receives transfers-in from the General Fund to finance future capital improvements to buildings, equipment, and roads.

**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Operating Fund** – The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charges for services from residents, some non-residents and commercial users to cover water service costs.

**Sewer Operating Fund** – The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents, some non-residents and commercial users to cover sewer service costs.

**Water Capital Improvement Fund** – This fund receives transfers-in from the Water Operating Fund to finance future water capital improvements.

**Sewer Capital Improvement Fund** – This fund receives transfers-in from the Sewer Operating Fund to finance future sewer capital improvements.

**Fiduciary Funds** – Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments.

Village had the following significant Agency Fund:

**Hiram Beautification Commission Fund** - This fund receives money from Hiram College endowment. The Village is purely custodial for the Beautification Commission. The Village disburses these funds as directed by the Commission to purchase and planning of trees and flowers in addition to general upkeep activities of public gardens for the beautification of Hiram's academic Village consisting of the Village, the College, and the Township.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies** *(continued)*

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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 approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 2 - Summary of Significant Accounting Policies** *(continued)*

**Fund Balance** *(continued)*

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

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**Note 3 –Prior Period Adjustment**

In prior years, the General Fund had fully funded the operation of the fire department. In 2016 the Village began receiving a new voted property tax for the fire department operations which required the Township to establish a Special Revenue fund to segregate externally-restrict resources. The fire fund also had received contract services revenue from Hiram Township and Hiram College for providing fire services to these entities, an externally-restrict resources, which should be accounted for within that special revenue fund for the fire department since the fire department is funded by restricted money. A fund balance adjustment to move the revenue from the General Fund to the Special Revenue fund had the following effect to the General and Special Revenue funds:

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Memorandum
Fund Balance: December 31, 2015	\$616,840	\$310,645	\$432,638	\$1,360,123
Fire District Fund Adjustment	(12,087)	12,087	-	-
Adjusted Fund Balance: December 31, 2015	\$604,753	\$322,732	\$432,638	\$1,360,123

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 4 - Compliance**

Contrary to Ohio law, the following funds had appropriations in excess of estimated resources as of December 31, 2016.

Fund	Estimated Available Resources	Appropriations	Excess
<b>Special Revenue Funds:</b>			
Land and Water Conservation	\$0	\$108,000	\$108,000
Nature Walk Grant	\$0	\$50,139	\$50,139
<b>Capital Projects</b>			
Sidewalks on State Routes Grant	\$15,330	\$68,141	\$52,811
Hike and Bike Trail Grant	(\$49,424)	\$40,000	\$89,424
Capital Improvements	\$0	\$81,808	\$81,808

**Note 5 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$838,106	\$639,971	(\$198,135)
Special Revenue	291,570	353,684	62,114
Capital Projects	163,730	169,757	6,027
Enterprise	554,850	493,649	(61,201)
Total	<u>\$1,848,256</u>	<u>\$1,657,061</u>	<u>(\$191,195)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,260,943	\$792,890	\$468,053
Special Revenue	453,882	543,550	(89,668)
Capital Projects	210,042	188,848	21,194
Enterprise	704,000	596,203	107,797
Fiduciary	7,000	7,000	0
Total	<u>\$2,635,867</u>	<u>\$2,128,491</u>	<u>\$507,376</u>

**Note 6 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2016
Demand deposits	\$6,252
Money Market Investment Account	1,889,804
Total deposits and investments	<u>\$1,896,056</u>

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 6 – Deposits and Investments** *(continued)*

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

***Investments***

During 2016, the Village invested in a money market fund which is recorded at the amount reported by Middlefield Bank Company. A financial institution's insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Note 7 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another municipality or 100 percent of the 2 percent tax rate on taxable income. The proceeds are placed into the General Fund.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. All payments are collected through an agreement with the Regional Income Tax Agency, Inc. and distributed to the Village on a semi-monthly basis.

**Note 8 – Interfund Balances**

***Advances***

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

In February of 2016, the General Fund advanced \$108,000 to the Land and Water Conservation Grant Fund (2910) and \$50,139 to the Nature Works Grant Fund (2911) for development of a new Village Park. The LWCF and Nature Works funds are reimbursement grants so once funds are reimbursed to the Village, they can be advanced back to the General Fund. These advances remain open as of December 31, 2016.

In February of 2016, the General Fund advanced \$40,000 to the Hike & Bike Trail Project (4203) towards the development of a public hike & bike trail. The Hike & Bike Trail project is funded partially by a reimbursement grant from the Ohio Department of Natural Resources and the remainder through the Ohio Department of Transportation. Once funds are reimbursed to the Village, they can be advanced back to the General Fund. This advance remains open as of December 31, 2016.

In April of 2016, the General Fund advanced \$3,056 of an awarded \$3,395 JAG LE (2276) reimbursement grant from the Ohio Criminal Justice Services for the Village's Police Department to procure needed safety equipment. The remaining 10 percent balance of the grant was the local match which was transferred at the same time. These reimbursement grant funds were received by the Village and repaid the advance of \$3,056 as of August 25, 2016.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 8 – Interfund Balances** *(continued)*

In May of 2016, the General Fund advanced \$8,759 and in June of 2016 an additional advance of \$4,376 to the Capital Project known as the Sidewalks on State Route project (4202). The project estimates came in higher than expected so funds were advanced to cover the balance of our local share. Should there be any amount left at the end of the project, the Village will be refunded the difference. These two advances remain open as of December 31, 2016.

In October of 2016, the General Fund advanced \$3,250 to the State EMS Grant fund (2062). The State EMS Grant fund is a reimbursement fund so when those funds are reimbursed to the Village, the advance will be repaid. This advance remains open as of December 31, 2016.

In October of 2016, the Hike & Bike Trail Project (4203) repaid an advance of \$60,000 initially from July of 2014 back to the General Fund and repaid an advance of \$60,282 initially from August of 2015 from reimbursement grant funds received by the Ohio Department of Natural Resources.

Transfers

During 2016 the following transfers were made:

Transfers from the General Fund to:

Capital Improvement Fund	<u>\$ 26,000</u>
Special Revenue: Ohio Dept. of Justice/JAG LE	<u>\$ 340</u>
Total Transfers from the General Fund	<u>\$ 26,340</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For 2016, the transfer from the General Fund to the Capital Improvement Fund consist of the \$26,000 received from Hiram Township per their Fire/EMS contract with the Village. The transfer from the General Fund to the Special Revenue Fund (2276) of \$340 was for the Village's 10 percent local match of the total grant.

**Note 9 - Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2016, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.



**Village of Hiram, Ohio**  
*Portage County*  
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*For the Year Ended December 31, 2016*

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**Note 9 - Risk Management** *(continued)*

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2016.

Assets	\$1,272,799
Liabilities	<u>(821,016)</u>
Accumulated Surplus	\$ <u>451,783</u>

***Public Entity Self Insurance Risk Pool***

The Village participates in the Ohio Municipal League's Joint Self Insurance Pool through Dawson Insurance Company. The Village also participates in the Ohio Municipal League's Workers' Compensation Group Rating Pool with CompManagement as the third party pool administrator.

The Ohio Municipal League was incorporated as an Ohio non-profit corporation in 1952 by city and village officials who saw the need for a statewide association to serve the interests of Ohio municipal government. The Ohio Municipal League is governed by a Board of Trustees, elected by the membership. The Board consists of all past presidents of the League, as long as they are municipal officials, and 28 Trustees elected for two-year terms. Of the 28 Trustees, at least one must be: the mayor of a city or village; a city manager; a fiscal officer or finance director; a solicitor or director of law; a member of a municipal legislative body, other than the mayor. The Board is the policy-making body and appoints an Executive Director to manage the League under their general direction.

The Ohio Municipal Joint Self Insurance Pool was established in 1987 to provide municipal corporations coverage in the areas of general liability including public officials and police, auto liability and property. The Pool is an unincorporated tax exempt non-profit organization, governed by its member municipalities. The Pool is sponsored by the Ohio Municipal League and administered and operated by JWF Specialty Company.

The Workers' Compensation Group Rating Pool – Established in 1991 as the result of a state law change, this program offers members of the League who qualify for and join the Pool an opportunity to reduce their annual workers compensation premiums. In addition the members receive assistance with claims administration from CompManagement, Inc., the plan administrator.

The Village provides for medical insurance coverage for all its full-time employees. A full-time employee is one who is scheduled at least 40 hours per work week on a regularly scheduled basis. Medical pre-tax copay is required for the medical insurance coverage from any individual employee of \$35 per paycheck. The current spousal contribution of \$150 per month is in addition to the per paycheck copay. The current family contribution of \$300 per month is in addition to the per paycheck copay. The Village continues to pay 100% of the dental, vision and term life insurance premiums for the full-time employees.

**Note 10 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.



**Village of Hiram, Ohio**  
*Portage County*  
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**Note 10 - Defined Benefit Pension Plans** *(continued)*

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

***Social Security***

Village's part-time firefighter/EMT employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 11 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. OP&F contributes 0.5 percent to fund these benefits.

**Note 12 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$163,372	0.02
Ohio Public Works Commission Loan	\$8,942	0.00
Middlefield Bank Loan – Police Vehicle	15,724	0.04
Total	\$188,038	

The Ohio Water Development Authority (OWDA) loans relate to sewer system expansion projects that were mandated by the Ohio Environmental Protection Agency. There is one loan outstanding from the OWDA for sewer projects. There is a balance as of December 31, 2016 of \$4,920 which will be repaid in semiannual installments of principal and interest. Loan #3499 will be completely paid in 2022. This loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loans relate to water system projects. There are five loans from the OWDA for water projects. There is a balance as of December 31, 2016 of \$158,452 which will be repaid in semiannual installments of principal and interest. Loan #2748 will be paid in 2017, loan #2749 will be paid in 2018, loan #2750 will be paid in 2019, loan #3498 will be paid in 2021 and loan #3894 will be paid in 2023. These loans are secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Village of Hiram, Ohio**  
*Portage County*  
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**Note 12 – Debt** *(continued)*

The Ohio Public Works Commission (OPWC) provides interest free loans to qualifying entities. The Village has one loan with OPWC. There is a balance of \$8,942 that is repaid in semiannual installments of principal only. Loan #CT917 is for water and will be repaid in 2017. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village purchased in 2015, a new 2015 Ford Explorer Interceptor for the Hiram Police Department’s fleet of vehicles. There is a balance as of December 31, 2016 of \$15,724 which will be repaid in quarterly installments of principal and interest. The loan, through the Middlefield Banking Co. will be repaid by 2019 or sooner.

**Amortization**

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

Year Ending December 31:	OWDA Loan	OPWC Loan	Middlefield Bank Loan
2017	\$51,901	\$8,943	\$6,600
2018	37,804	0	6,600
2019	26,639	0	3,300
2020	20,799	0	0
2021	20,799	0	0
2022-2023	14,041	0	0
Total	\$171,983	\$8,943	\$16,500

**Leases**

The Village leases buildings, vehicles and other equipment as needed under non-cancelable leases. The Village disbursed \$2,460 to pay lease costs in the year ending December 31, 2016.

**Note 13 – Contingent Liabilities**

The Village was not part of any lawsuits in 2016.



***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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

Village of Hiram  
Portage County  
11617 Garfield Road  
Box 65  
Hiram, Oh. 44234-0065

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Hiram, Portage, (the Village) as of and for the years ended December 31, 2017 and December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated June 4, 2018 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 through 2017-005 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-001 through 2017-003.

***Purpose of this Report***

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

Alger and  
Associates Inc

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Associates Inc  
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ou,email=ksalger46@att.net, c=US  
Date: 2018.06.19 20:36:21 -04'00'

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

June 4, 2018

*Village of Hiram, Ohio  
Portage County  
Schedule of Findings  
December 31, 2017 and 2016*

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2017-001**

**Noncompliance/Material Weakness**

**Annual Appropriation Measure**

**Ohio Rev. Code §5705.41 (B)** prohibits a subdivision or taxing unit from making any expenditures of money unless it has been appropriated.

Due to the Village not filing all supplemental appropriations to the County Budget Commission in 2017 the following funds had expenditures that exceeded appropriations:

Fund	Appropriations Plus Prior Year Encumbrances	Expenditures Plus Encumbrances	Excess
Special Revenue			
State Highway	2,980	7,858	4,878
Cemetery	6,345	14,424	8,079
Body Armor Grant	-	2,342	2,342
Land & Water Conservation	97,158	119,359	22,201
Nature Works Grant	36,002	40,644	4,642
Capital Outlay			
Capital Improvement Fund	18,946	195,259	176,313
Enterprise			
Water Capital Improvement	33,696	91,697	58,001
Sewer Capital Improvement	5,000	20,086	15,086

We recommend that Management monitor their budgetary accounts throughout the year to ensure that expenditures plus encumbrances do not exceed appropriations and prior year carryover encumbrances. Fund appropriations should be amended to correspond with any increase or decrease in fund expenditures. We recommend Council and the Fiscal Officer assure all supplemental and original appropriations be submitted to the County Auditor on a timely basis.

**FINDING NUMBER 2017-002**

**Noncompliance/Material Weakness**

**Appropriations Limited By Estimated Revenue**

**Ohio Revised Code §5705.39**, states that total appropriations from each fund shall not exceed the total estimated resources. An appropriation measure is not effective until the County Auditor certifies that appropriations from each fund do not exceed the total official estimate approved by the County Budget Commission. As of December 31, 2016 and December 31, 2017, the following funds had appropriations in excess of estimated resources.

*Village of Hiram, Ohio  
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**FINDING NUMBER 2017-002 (continued)**

**Noncompliance/Material Weakness - Appropriations Limited By Estimated Revenue (continued)**

December 31, 2016	Estimated Available Resources	Appropriations	Excess
Fund			
Special Revenue Funds:			
Land and Water Conservation	\$0	\$108,000	\$108,000
Nature Walk Grant	\$0	\$50,139	\$50,139
Capital Projects			
Sidewalks on State Routes Grant	\$15,330	\$68,141	\$52,811
Hike and Bike Trail Grant	(\$49,424)	\$40,000	\$89,424
Capital Improvements	\$0	\$81,808	\$81,808

December 31, 2017	Estimated Available Resources	Appropriations	Excess
Fund			
Special Revenue Funds:			
Body Armor Grant	(\$1,426)	\$0	\$1,426
Land and Water Conservation	(\$108,000)	\$779	\$108,779
Nature Walk Grant	(\$14,137)	\$36,002	\$50,139
Capital Projects			
Sidewalks on State Routes Grant	(\$18,135)	\$0	\$18,135
Hike & Bike Trail Grant	(\$31,202)	\$0	\$31,202
Enterprise			
Water	\$258,618	\$290,382	\$31,764

We recommend the Mayor, Finance Committee and Council monitor appropriations throughout the year to ensure that they do not exceed the total estimated resources. No expenditures or commitments should be made until the County Auditor certifies that the appropriations from each fund do not exceed the official estimates.

**FINDING NUMBER 2017-003**

**Noncompliance/Material Weakness:**

**Ohio Rev. Code §5705.09(D)** requires establishing separate funds to segregate externally-restricted resources also Ohio Administrative Code §117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

During 2017 and 2016, the Village received a new voted fire property tax levy revenue that was posted to the General Fund rather than a Special Revenue Fund. Because the revenue is an externally-restricted revenue source the Village is required to create a new fund to track the activity. The incorrect postings resulting in financial statement adjustments. The adjustment have been recorded to the accompanying financial statements and the Village's accounting records.

*Village of Hiram, Ohio  
Portage County  
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**FINDING NUMBER 2017-003 (continued)**

**Noncompliance/Material Weakness: (continued)**

The improper fund posting resulted in the following changes to fund cash balances:

	Year 2016	Year 2017
Decrease in General Fund	\$12,757	\$9,301
Increase in Fire District Fund	\$12,757	\$9,301

In addition, in 2017 the Village received loan proceeds of \$100,220 for a rescue squad however the Village did not record the loan proceeds along with the capital outlay expenditure. The accompanying 2017 financial statements reflect the corrected amounts.

We recommend the Village Fiscal Officer refer to the Ohio Village Handbook for proper classification of receipts and use due care in posting receipts to the Village's books. This should allow the Fiscal Officer to make proper postings to revenue account classifications based on the source of the revenue.

**FINDING NUMBER 2017-004**

**Material Weakness:**

**Posting Budgetary Amounts**

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information filed with the budget commission. During 2017 and 2016 several funds had estimated revenue amounts posted to the accounting system (system), which did not agree to the final amended certificate of estimated resources certified by the County Auditor this resulted in a variance between budgeted receipts posted to the system and estimated revenue reported on the amended certificate of estimated resources..

The following funds certificate of resources did not agree to the accounting system.

2017	Certificate of Estimated Resources	Accounting System	Difference
Fund			
Land & Water Conservation	(108,000)	22,980	130,980
Nature Works Grant	(14,137)	43,394	57,531

  

2016	Certificate of Estimated Resources	Accounting System	Difference
Fund			
General Fund	1,335,254	1,533,310	198,056
Ambulance/EMS	369,798	413,140	43,342
Capital Improvement	235,127	331,324	96,197
Water	284,219	318,251	34,032

*Village of Hiram, Ohio  
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**FINDING NUMBER 2017-004 (continued)**

**Material Weakness:** *(continued)*

**Posting Budgetary Amounts**

The following funds appropriations certified by the County Auditor did not agree to the accounting system.

Fund	2017	Auditor Certificate	Accounting System	Difference
General Fund		941,000	1,012,935	71,935
Ambulance/EMS		235,125	238,162	3,037
Land & Water Conservation		779	22,980	22,201
Nature Works Grant		36,002	43,394	7,392
Capital Improvement		17,400	104,604	87,204
Water		290,382	253,822	(36,560)

The Village should post all changes to estimated resources upon certification from the County. If the amounts do not agree, the Council may be using inaccurate information for budgeting and monitoring purposes.

**FINDING NUMBER 2017-005**

**Material Weakness:**

**GASB 54 Fund Balance Reporting**

**Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions**, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Assigned fund balance classification includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. This would be applicable to the General Fund as it is the only fund with a positive unassigned fund balance.

Total appropriations for both measures exceeded estimated receipts as follows:

	2017	2016
Estimated Receipts	\$861,640	\$1,137,044
Appropriations	947,438	1,249,842
Deficit	(85,798)	(112,798)



*Village of Hiram, Ohio  
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**FINDING NUMBER 2017-005** *(continued)*

**Material Weakness:** *(continued)*

**GASB 54 Fund Balance Reporting** *(continued)*

The amounts of the deficit noted above should have been recognized as assigned for subsequent year's appropriations instead of the entire appropriation.

Adjustments were recorded to the 2017 and 2016 financial statements to change the above differences in fund balance classification.

The above errors were caused by confusion over proper classification. Adjustments were made in the financial statements and the Village's records to reflect the proper presentation. The Ohio Village Handbook, the UAN manual and GASB 54 provide suggested fund and fund balance classifications. Using these classifications and the aforementioned accounting records will provide the Village with the proper presentation of the respective fund balances.

We recommend the Village refer to the Ohio Village Handbook, UAN manual and GASB 54 and AOS Bulletin 2011-004 to ensure fund balances are properly classify its funds and fund balances.

**Officials' Response**

We did not receive a response from Officials to the findings reported above.

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# Dave Yost • Auditor of State

VILLAGE OF HIRAM

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  
JULY 19, 2018