



Dave Yost • Auditor of State



VILLAGE OF HIRAM  
PORTAGE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Cash Basis .....	10
Statement of Activities – Cash Basis .....	11
Statement of Cash Basis Assets and Fund Balances - Governmental Funds .....	12
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds .....	13
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis – General Fund .....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis – Ambulance Fund.....	15
Statement of Fund Net Assets - Cash Basis -Proprietary Funds.....	16
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets - Cash Basis - Proprietary Funds .....	17
Statement of Fiduciary Net Assets - Cash Basis - Fiduciary Funds .....	18
Notes to the Basic Financial Statements .....	19
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	35

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Hiram  
Portage County  
11617 Garfield Road  
P.O. Box 65  
Hiram, OH 44234-0065

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hiram, Portage County, Ohio (the Village), as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Hiram, Portage County, Ohio, as of December 31, 2010 and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund and Ambulance Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

**Dave Yost**  
Auditor of State

June 15, 2012

Village of Hiram, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

This discussion and analysis of the Village of Hiram's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$20,033, or 1.5 percent, an insignificant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the EMS Fund (2901), which realized the greatest percentage increase from the beginning cash balance in 2010 to the ending cash balance of 2010. This fund receipted in \$20,688 more than it expended in 2010. The increase was due to the Fire Department again receiving grants allowing less expenditure to be made from their budget. The Village transferred \$26,000 and the Fire Department deposited \$16,013 into the Capital Improvement Fund from the contract monies received from the township.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 7 percent and 36 percent of the total cash received for governmental activities during the year. The withholdings decreased from \$427,243 to \$420,965.

The sewer and water operations, the Village's two most significant business-type activities, ended the year on a positive note. The water operations ended the year with a balance of net assets in the amount of \$163,306, while the wastewater operations ended the year with net assets of \$200,899.

The Village's Fire Department received a grant from the Department of Homeland Security and Federal Emergency Management Agency Grant Programs Directorate- Assistance to Firefighters Grant in the amount of \$82,913; including a match of \$4,275 to be paid by the Fire Department. This grant was used to buy three new heart monitor defibrillators, batteries, cables and Improvised Explosive Device Awareness Training. The Fire Department also received a State EMS grant in the amount of \$5,450. The Fire Department also received a State Fire Grant in the amount of \$460. This grant reimbursed for 2009 Fire Inspector Course.

In 2010 the Village purchased a 2010 Pumper Tanker Fire Truck and it is being built by Kovatch Mobile Fire Apparatus (KME) and scheduled for completion in 2011. The Village secured a loan through Middlefield Banking Company at 4.5% in the amount of \$82,225. The Township participated in this purchase and this truck is jointly owned between the Village and the Township. The purchase breaks down as follows:

\$431,098	Purchase Price
\$ 13,534	Pre-Pay
\$ 60,000	Trade-in of Village Engine
\$ 95,564	Village cash applied
\$145,000	Township Contribution
\$ 35,000	Trade-in of Township Tanker

\$4,436 remained to be used for incidentals.

Village of Hiram, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

**Using the Basic Financial Statements**

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

**Report Components**

The statement of Net Assets and the Statement of Activities provide information about the cash activities of the Village as a whole.

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

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

**Basis of Accounting**

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

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

**Reporting the Village as a Whole**

The statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2010, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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



Village of Hiram, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities Most of the Village's basic services are reported in governmental activities, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity The Village has two business-type activities, the provision of water and wastewater. Business-type activities are financed by a fee charged to the customers receiving the service.

### **Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds, not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

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

Proprietary Funds When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two enterprise funds, the water fund and the wastewater fund. Both are major funds. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village has no internal service funds.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village has four fiduciary funds: Unclaimed Money, Beautification Commission, Retainage and HRA reimbursement from Vantage.

Village of Hiram, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2010 compared to 2009 on a cash basis:

(Table 1)

**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets</b>						
Cash and Cash Equivalents	\$1,325,574	\$1,305,541	\$504,659	\$417,815	\$1,830,233	\$1,723,356
Total Assets	\$1,325,574	\$1,305,541	\$504,659	\$417,815	\$1,830,233	\$1,723,356
<b>Net Assets</b>						
Restricted for:						
Debt Service	\$244	\$244			\$244	\$244
Capital Outlay	106,243	92,704			106,243	92,704
Other Purposes	250,018	238,057			250,018	238,057
Unrestricted	969,069	974,536	504,659	417,815	1,473,728	1,392,351
Total Net Assets	\$1,325,574	\$1,305,541	\$504,659	\$417,815	\$1,830,233	\$1,723,356

As mentioned previously, net assets of governmental activities increased \$ 20,033 or 1.5 percent during 2010. The primary reasons contributing to the increases in cash balances are as follows:

- The Village received \$219,033 in intergovernmental monies according to the Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances Report. The largest contributor for this area was the Local Government Funds, \$98,307.

Table 2 reflects the changes in net assets on a cash basis in 2010 and 2009 for governmental activities, business-type activities and total primary government.

Village of Hiram, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

(Table 2)						
<b>Changes in Net Assets</b>						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
<b>Receipts:</b>						
Program Receipts:						
Charges for Services and Sales	\$380,009	\$377,397	\$709,454	\$745,943	\$1,089,463	\$1,123,340
Operating Grants and Contributions	95,246	79,845			95,246	79,845
<b>Total Program Receipts</b>	<b>475,255</b>	<b>457,242</b>	<b>709,454</b>	<b>745,943</b>	<b>1,184,709</b>	<b>1,203,185</b>
General Receipts:						
Property and Other Local Taxes	80,814	87,606			80,814	87,606
Income Taxes	420,965	427,243			420,965	427,243
Other Taxes	1,378	1,488			1,378	1,488
Grants and Entitlements Not Restricted to Specific Programs	123,787	116,836			123,787	116,836
Cable Franchise Fees	6,465	4,234			6,465	4,234
Interest	31,211	40,575	1,813	466	33,024	41,041
Miscellaneous	13,703	27,735	1,604	969	15,307	28,704
<b>Total General Receipts</b>	<b>678,323</b>	<b>705,717</b>	<b>3,417</b>	<b>1,435</b>	<b>681,740</b>	<b>707,152</b>
<b>Total Receipts</b>	<b>1,153,578</b>	<b>1,162,959</b>	<b>712,871</b>	<b>747,378</b>	<b>1,866,449</b>	<b>1,910,337</b>
<b>Disbursements:</b>						
General Government	244,394	272,118			244,394	272,118
Security of Persons and Property	460,588	403,614			460,588	403,614
Public Health Services	187,773	239,545			187,773	239,545
Leisure Time Activities	275	300			275	300
Community Environment	3,471	3,102			3,471	3,102
Basic Utilities	1,644	1,697			1,644	1,697
Transportation	119,570	123,157			119,570	123,157
Capital Outlay	106,540	32,944			106,540	32,944
Principal Retirement	7,399				7,399	
Interest and Fiscal Charges	1,891				1,891	
Water			230,551	260,039	230,551	260,039
Wastewater			395,477	371,858	395,477	371,858
<b>Total Disbursements</b>	<b>1,133,545</b>	<b>1,076,477</b>	<b>626,028</b>	<b>631,897</b>	<b>1,759,573</b>	<b>1,708,374</b>
Increase in net assets	20,033	86,482	86,843	115,481	106,876	201,963
Net Assets, January 1	1,305,541	1,219,059	417,815	302,334	1,723,356	1,521,393
<b>Net Assets, December 31</b>	<b>\$1,325,574</b>	<b>\$1,305,541</b>	<b>\$504,658</b>	<b>\$417,815</b>	<b>\$1,830,232</b>	<b>\$1,723,356</b>

Program receipts represent only 40 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, contracts with the college and the township and court fines.

General receipts represent 60 percent of the Village's total governmental receipts and of this amount; over 75 percent are local taxes. State and federal grants and entitlements make up the balance of the Village's general receipts (17 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Government activities. These include the costs of Council, and the Auditor, Solicitor, Fiscal Officer and Assistant Fiscal Officer. Since these costs do not represent direct services to residents, we try to limit these costs to 50% of General Fund unrestricted receipts.

Village of Hiram, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the cost of EMS; Leisure Time Activities are the costs of maintaining the parks and playing fields; the Community Environment monitors and enforces the Village's zoning compliance; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

In the Statement of Activities, the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Security of Persons and Property and General Government, which account for 41 and 22 percent of all governmental disbursements, respectively. Public Health Services also represents a significant cost, about 17 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement of Activities. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$244,394	-\$233,155	\$272,118	-\$257,485
Security of Persons and Property	460,587	-156,975	403,614	-115,577
Public Health Services	187,773	-42,842	239,545	-101,144
Leisure Time Activities	275	-275	300	-300
Community Environment	3,471	-3,091	3,102	-1,617
Basic Utilities	1,644	-1,644	1,697	-1,697
Transportation	119,570	-104,476	123,157	-108,471
Capital Outlay	106,540	-106,540	32,944	-32,944
Principal and Interest Payments	9,291	-9,291	0	0
<b>Total Expenses</b>	<b>\$1,133,545</b>	<b>-\$658,289</b>	<b>\$1,076,477</b>	<b>-\$619,235</b>

The dependence upon property and income tax receipts is apparent, as over 44 percent of governmental activities are supported through these general receipts.

**Business-type Activities**

According to the Statement of Activities the water operations at the village receipted in \$59,079 more than was spent. The receipts for wastewater operations at the village were \$24,347 more than was spent in 2010.

Village of Hiram, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

**The Village's Funds**

Total governmental funds had receipts of \$1,153,579 and disbursements of \$1,133,545 according to the Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances for Governmental Funds Report. The greatest change within governmental funds occurred within the Other Governmental Funds. The Village purchased a new Fire Engine by placing \$95,564 as a down payment and securing a loan for \$82,225.

General Fund receipts were greater than disbursements by \$98,599 indicating that the General Fund is not in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were slightly below original budgeted receipts due to fewer receipts in the area of charges for services. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$847,492 while actual disbursements were \$732,575. The Village kept spending in check as demonstrated by the variance. The village increased the cash balance in the General Fund by \$20,033 over the cash balance at the end of 2009.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

On December 31, 2010, the Village's outstanding debt included \$1,166,627 in outstanding principal from loans to Ohio Water Development Authority and Ohio Public Works Commission. The Village also secured a loan through Middlefield Bank for the new fire truck and the year-end balance was \$74,826. For further information regarding the Village's debt, refer to Note 12 in the Notes to the Financial Statements.

**Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Village faces numerous problems: the need for additional revenue, vehicles that are reaching their mechanical limits, streets that need attention and buildings that are in need of some considerations.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kay Ziska, Fiscal Officer, Village of Hiram, and P.O. Box 65, Hiram, Ohio 44234.

## HIRAM VILLAGE, PORTAGE COUNTY

### *Statement of Net Assets - Cash Basis*

*December 31, 2010*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,325,575	\$504,659	\$1,830,234
<i>Total Assets</i>	<u>\$1,325,575</u>	<u>\$504,659</u>	<u>\$1,830,234</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	106,243	-	106,243
Debt Service	244	-	244
Other Purposes	250,018	-	250,018
Unrestricted	969,069	504,659	1,473,729
<i>Total Net Assets</i>	<u>\$1,325,575</u>	<u>\$504,659</u>	<u>\$1,830,234</u>

See accompanying notes to the basic financial statements

**HIRAM VILLAGE, PORTAGE COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2010*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>						
Security of Persons and Property	\$460,588	\$303,613	\$0	(\$156,975)	\$0	(\$156,975)
Public Health Services	187,773	62,017	82,913	(42,842)	-	(42,842)
Leisure Time Activities	275	-	-	(275)	-	(275)
Community Environment	3,471	380	-	(3,091)	-	(3,091)
Basic Utility Services	1,644	-	-	(1,644)	-	(1,644)
Transportation	119,570	2,760	12,333	(104,476)	-	(104,476)
General Government	244,394	11,239	-	(233,155)	-	(233,155)
Capital Outlay	106,540	-	-	(106,540)	-	(106,540)
Debt Service:						
Principal	7,399	-	-	(7,399)	-	(7,399)
Interest	1,891	-	-	(1,891)	-	(1,891)
Other	-	-	-	-	-	-
<i>Total Governmental Activities</i>	<u>\$1,133,545</u>	<u>\$380,009</u>	<u>\$95,246</u>	<u>(\$658,290)</u>	<u>\$0</u>	<u>(\$658,290)</u>
<b>Business Type Activities</b>						
Water	230,551	289,630	-	-	59,079	59,079
Sewer	395,477	419,824	-	-	24,347	24,347
<i>Total Business Type Activities</i>	<u>\$626,028</u>	<u>\$709,454</u>	<u>\$0</u>	<u>\$0</u>	<u>\$83,426</u>	<u>\$83,426</u>
<i>Total Primary Government</i>	<u>\$1,759,573</u>	<u>\$1,089,464</u>	<u>\$95,246</u>	<u>(\$658,290)</u>	<u>\$83,426</u>	<u>(\$574,863)</u>
<b>General Receipts</b>						
Property Taxes				\$80,814	\$0	\$80,814
Municipal Income Taxes				420,965	-	420,965
Other Taxes				1,378	-	1,378
Grants and Entitlements not Restricted to Specific Programs				123,787	-	123,787
Cable Franchise Fees				6,465	-	6,465
Earnings on Investments				31,211	1,813	33,025
Miscellaneous				13,703	1,604	15,308
<i>Total General Receipts</i>				<u>\$678,323</u>	<u>\$3,418</u>	<u>\$681,741</u>
Change in Net Assets				\$20,033	\$86,844	\$106,877
<i>Net Assets Beginning of Year</i>				<u>\$1,305,541</u>	<u>\$417,815</u>	<u>\$1,723,357</u>
<i>Net Assets End of Year</i>				<u>\$1,325,575</u>	<u>\$504,659</u>	<u>\$1,830,234</u>

See accompanying notes to the basic financial statements

**HIRAM VILLAGE, PORTAGE COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2010*

	GENERAL	AMBULANCE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$969,069	\$175,567	\$180,938	\$1,325,575
<i>Total Assets</i>	<u>\$969,069</u>	<u>\$175,567</u>	<u>\$180,938</u>	<u>\$1,325,575</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Unclaimed Monies	280	-	-	280
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	968,789	-	-	968,789
Special Revenue Funds	-	175,567	74,451	250,018
Debt Service Fund	-	-	244	244
Capital Projects Funds	-	-	106,243	106,243
<i>Total Fund Balances</i>	<u>\$969,069</u>	<u>\$175,567</u>	<u>\$180,938</u>	<u>\$1,325,575</u>

See accompanying notes to the basic financial statements



**HIRAM VILLAGE, PORTAGE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	GENERAL	AMBULANCE	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>				
Property and Other Local Taxes	\$63,245	\$17,568	\$4,138	\$84,951
Municipal Income Taxes	420,965	-	-	420,965
Intergovernmental	115,601	2,276	101,156	219,033
Charges for Services	172,600	174,137	18,893	365,630
Fines, Licenses and Permits	17,809	-	275	18,084
Earnings on Investments	27,551	2,947	713	31,211
Miscellaneous	13,403	-	300	13,703
<b>Total Receipts</b>	<b>\$831,174</b>	<b>\$196,929</b>	<b>\$125,475</b>	<b>\$1,153,579</b>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	376,822	-	83,766	460,588
Public Health Services	-	175,803	11,970	187,773
Leisure Time Activities	275	-	-	275
Community Environment	3,471	-	-	3,471
Basic Utility Services	1,644	-	-	1,644
Transportation	97,116	-	22,454	119,570
General Government	243,957	438	-	244,394
Capital Outlay	-	-	106,540	106,540
Debt Service:				
Principal Retirement	7,399	-	-	7,399
Interest and Fiscal Charges	1,891	-	-	1,891
<b>Total Disbursements</b>	<b>\$732,575</b>	<b>\$176,241</b>	<b>\$224,729</b>	<b>\$1,133,545</b>
Excess of Receipts Over (Under) Disbursements	\$98,599	\$20,688	(99,254)	\$20,033
Other Financing Sources (Uses)				
Transfers In	-	-	104,066	104,066
Transfers Out	(104,066)	-	-	(104,066)
Advances In	5,450	-	5,450	10,900
Advances Out	(5,450)	-	(5,450)	(10,900)
<b>Total Other Financing Sources (Uses)</b>	<b>(104,066)</b>	<b>-</b>	<b>104,066</b>	<b>-</b>
Net Change in Fund Balances	(5,467)	20,688	4,813	20,033
Fund Balances Beginning of Year	974,537	154,879	176,126	1,305,541
<b>Fund Balances End of Year</b>	<b>\$969,069</b>	<b>\$175,567</b>	<b>\$180,938</b>	<b>\$1,325,575</b>

See accompanying notes to the basic financial statements

**HIRAM VILLAGE, PORTAGE COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$67,847	\$67,362	\$63,245	(\$4,117)
Municipal Income Taxes	\$380,000	\$396,427	\$420,965	\$24,537
Intergovernmental	\$122,820	\$116,651	\$115,601	(\$1,050)
Charges for Services	\$172,600	\$156,587	\$172,600	\$16,013
Fines, Licenses and Permits	\$22,000	\$20,245	\$17,809	(\$2,436)
Earnings on Investments	\$40,000	\$32,720	\$27,551	(\$5,169)
Miscellaneous	\$6,000	\$13,845	\$13,403	(\$441)
<i>Total receipts</i>	\$811,267	\$803,838	\$831,174	\$27,336
<b>Disbursements</b>				
Current:				
Security of Persons and Property	\$395,765	\$403,270	\$376,822	\$26,448
Public Health Services	\$0	\$0	\$0	\$0
Leisure Time Activities	\$4,500	\$4,500	\$275	\$4,225
Community Environment	\$10,200	\$10,200	\$3,471	\$6,729
Basic Utility Services	\$3,000	\$3,000	\$1,644	\$1,356
Transportation	\$108,540	\$108,540	\$97,116	\$11,424
General Government	\$294,335	\$308,691	\$243,957	\$64,734
Debt Service:				
Principal Retirement	\$0	\$7,399	\$7,399	\$0
Interest and Fiscal Charges	\$0	\$1,891	\$1,891	\$0
<i>Total Disbursements</i>	\$816,340	\$847,492	\$732,575	\$114,916
<i>Excess of Receipts Over (Under) Disbursements</i>	(\$5,073)	(\$43,654)	\$98,599	\$142,253
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(\$36,000)	(\$196,380)	(\$104,066)	\$92,314
Advances In	\$0	\$5,450	\$5,450	\$0
Advances Out	\$0	(\$5,450)	(\$5,450)	\$0
<i>Total Other Financing Sources (Uses)</i>	(\$36,000)	(\$196,380)	(\$104,066)	\$92,314
<i>Net Change in Fund Balance</i>	(\$41,073)	(\$240,034)	(\$5,467)	\$234,566
<i>Unencumbered Cash Balance Beginning of Year</i>	\$974,537	\$974,537	\$974,537	\$0
<i>Unencumbered Cash Balance End of Year</i>	\$933,464	\$734,503	\$969,069	\$234,566

See accompanying notes to the basic financial statements

**HIRAM VILLAGE, PORTAGE COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Ambulance Fund*  
*For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$18,013	\$17,816	\$17,568	(\$247)
Intergovernmental	\$2,000	\$2,276	\$2,276	\$0
Charges for Services	\$174,000	\$176,214	\$174,137	(\$2,076)
Earnings on Investments	\$550	\$2,718	\$2,947	\$230
Miscellaneous	\$50	\$50	\$0	(\$50)
<i>Total receipts</i>	<u>\$194,613</u>	<u>\$199,073</u>	<u>\$196,929</u>	<u>(\$2,144)</u>
<b>Disbursements</b>				
Current:				
Public Health Services	\$178,100	\$178,162	\$175,803	\$2,359
General Government	\$500	\$438	\$438	\$0
<i>Total Disbursements</i>	<u>\$178,600</u>	<u>\$178,600</u>	<u>\$176,241</u>	<u>\$2,359</u>
<i>Excess of Receipts Over Disbursements</i>	<u>\$16,013</u>	<u>\$20,473</u>	<u>\$20,688</u>	<u>\$215</u>
<b>Other Financing (Uses)</b>				
Transfers Out	(\$16,013)	(\$16,013)	\$0	\$16,013
<i>Total Other Financing (Uses)</i>	<u>(\$16,013)</u>	<u>(\$16,013)</u>	<u>\$0</u>	<u>\$16,013</u>
<i>Net Change in Fund Balance</i>	\$0	\$4,460	\$20,688	\$16,228
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>\$154,879</u>	<u>\$154,879</u>	<u>\$154,879</u>	<u>\$0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$154,879</u>	<u>\$159,339</u>	<u>\$175,567</u>	<u>\$16,228</u>

See accompanying notes to the basic financial statements

**HIRAM VILLAGE, PORTAGE COUNTY**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2010*

	<u>WATER</u>	<u>SEWER</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$163,306	\$200,899	\$140,454	\$504,659
<i>Total Assets</i>	<u>\$163,306</u>	<u>\$200,899</u>	<u>\$140,454</u>	<u>\$504,659</u>
<b>Net Assets</b>				
Restricted for:				
Unrestricted	163,306	200,899	140,454	504,659
<i>Total Net Assets</i>	<u>\$163,306</u>	<u>\$200,899</u>	<u>\$140,454</u>	<u>\$504,659</u>

See accompanying notes to the basic financial statements

**HIRAM VILLAGE, PORTAGE COUNTY**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2010*

	WATER TOTAL	SEWER TOTAL	OTHER ENTERPRISE FUNDS TOTAL	TOTAL ENTERPRISE FUNDS
<b>Operating Receipts</b>				
Charges for Services	\$289,630	\$419,774	\$0	\$709,404
Other Operating Receipts	-	50	-	50
<i>Total Operating Receipts</i>	<u>289,630</u>	<u>419,824</u>	<u>-</u>	<u>709,454</u>
<b>Operating Disbursements</b>				
Personal Services	66,988	84,638	-	151,625
Employee Fringe Benefits	16,233	18,971	-	35,204
Contractual Services	51,893	46,041	-	97,934
Supplies and Materials	17,718	50,143	-	67,861
<i>Total Operating Disbursements</i>	<u>152,832</u>	<u>199,793</u>	<u>-</u>	<u>352,625</u>
<i>Operating Income</i>	<u>136,798</u>	<u>220,032</u>	<u>-</u>	<u>356,830</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Earnings on Investments	-	-	1,813	1,813
Miscellaneous Receipts	350	1,254	-	1,604
Capital Outlay	(110)	-	-	(110)
Principal Payments	(67,186)	(169,552)	-	(236,738)
Interest and Fiscal Charges	(10,423)	(26,133)	-	(36,556)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(77,369)</u>	<u>(194,430)</u>	<u>1,813</u>	<u>(269,986)</u>
<i>Income before Transfers and Advances</i>	<u>59,429</u>	<u>25,601</u>	<u>1,813</u>	<u>86,844</u>
Transfers In	-	-	105,000	105,000
Transfers Out	(55,000)	(50,000)	-	(105,000)
<i>Change in Net Assets</i>	4,429	(24,399)	106,813	86,844
<i>Net Assets Beginning of Year</i>	<u>158,877</u>	<u>225,298</u>	<u>33,640</u>	<u>417,815</u>
<i>Net Assets End of Year</i>	<u><u>\$163,306</u></u>	<u><u>\$200,899</u></u>	<u><u>\$140,454</u></u>	<u><u>\$504,659</u></u>

See accompanying notes to the basic financial statements

**HIRAM VILLAGE, PORTAGE COUNTY**

*Statement of Fiduciary Net Assets - Cash Basis*

*Fiduciary Funds*

*December 31, 2010*

---

---

	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$21,368
<i>Total Assets</i>	<u>\$21,368</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	21,368
<i>Total Net Assets</i>	<u>\$21,368</u>

See accompanying notes to the basic financial statements

**Note 1 – Reporting Entity**

The Village of Hiram, Ohio (the Village) 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. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, and votes only to break a tie.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, and maintenance of Village roads, park operations, and police services. The Village appropriates general fund money to support a fire department.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and 1) the Village is able to significantly influence the programs or services performed or provided by the organization; or 2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village does not have any component units.

The Village participates in one public entity risk pool. Note 17 to the financial statements provide additional information for this entity. These organizations are:

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**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies:

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**Government-Wide Financial Statements** The Statement of Net Assets and the Statement of Activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the cash balance, investments and all cash balances of the governmental activities and business-type of the Village at year-end. The Statement of Activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

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

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as non-operating.

**B. Fund Accounting**

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

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund and the Ambulance Fund. The Ambulance Fund is the fund into which ambulance run fees are placed, as well as the Village EMS levy monies. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund.



**Note 2 – Summary of Significant Accounting Policies** (Continued)

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

**Proprietary Funds**

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

**Water Fund** - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

**Sewer Fund** - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Internal Service Fund** - Internal service funds account for services provided by one department of the Village to another on a cost-reimbursement basis. The Village has no internal service funds.

**Fiduciary Funds**

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency funds are: Unclaimed Money, Hiram Beautification Commission, Hiram Retainage, and HRA reimbursement from Vantage.

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

**Note 2 – Summary of Significant Accounting Policies** (Continued)

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the object level for all funds. The General Fund is broken down to show the amount that each department contained within the fund has been appropriated.

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

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

**E. Cash and Investments**

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

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage, bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains and losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2010, the Village invested in three certificates of deposit, a money market account, and a checking account. The certificates of deposit are reported at cost. The Village's money market account and checking account are recorded at the amount reported by Middlefield Bank on December 31, 2010. All three of the certificates of deposits matured and were rolled into the money market account.

Interest earnings allocated to Village funds according to State statutes, grant requirements, or debt related requirements and legislation. Interest receipts credited to the General Fund during 2010 were \$27,551.

**F. Interfund Receivables/Payables**

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 September of 2010 the General Fund advanced \$5,450 to the State EMS Grant fund. The State EMS Grant fund repaid this advance in December of 2010.

**G. Accumulated Leave**

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

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**H. Fund Balance Reserves**

The Village reserves any portion of fund balances which are not available for appropriation or which are legally separate for a specific use. Unreserved fund balance indicated that portion of fund balance which is available for appropriations in future periods. No fund balance reserves have been established for encumbrances for 2010.

**Note 3 – Accountability and Compliance**

The Village had no deficit fund balances at the end of 2010.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and the Ambulance Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis), if applicable.

**Note 5 - Deposits and Investments**

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

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

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

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

Interim monies held by the Village can be deposited or invested in the following securities according to Ordinance 2009-24, which contains the Village's investment policy:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States (except stripped principal or interest obligations of such eligible obligations).
2. Federal Agency/Instrumentality securities, including but not limited to the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), and Student Loan Marketing Association (SLMA). All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Certificates of Deposit or savings or deposit accounts in Council-approved depositories.

**Note 5 - Deposits and Investments** (Continued)

4. Bonds and other obligations of the State of Ohio.
5. No-load money market mutual funds meeting minimum requirements set forth in O.R.C. 135.01 (O) and consisting exclusively of Treasury or Federal Agency/Instrumentality obligations or repurchase agreements secured by such obligations. Providing such investments are made only through banks and savings and loan institutions authorized by O.R.C. 135.03.
6. The State Treasurer's investment pool (STAR Ohio).
7. Written repurchase agreements collateralized as required by Ohio Revised Code with Treasury or Federal Agency/Instrumentality obligations made through eligible institutions or eligible dealers. Time period of such agreements may be overnight or within a time period not to exceed thirty (30) days. The market value of the securities subject to the repurchase agreement must exceed the principal value of the term repurchase agreement by 2%, and such securities shall be marked to market daily. Up to 25% of interim moneys available may be invested in commercial paper or bankers acceptances after meeting requirements specified in O.R.C. 135.14 (B) (7).

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by Middlefield Bank, or by a collateral pool established by the Middlefield Bank to secure the repayment of all public monies deposited with Middlefield Bank.

At December 31, 2010 the Village had no cash on hand.

**Deposits**

At year end, the total amount of the Village's deposits was \$50,497, and the bank balance was \$39,779. Of the bank balance, \$250,000 was covered by Federal Depository Insurance.

Custodial credit risk is that risk that, in the event of a bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2010, \$0.00 of the Village's bank balance of \$39,779 was exposed to custodial credit risk.

The Village has no depository policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**Investments**

The Village has an investment policy that is detailed in Ordinance 2009-24, Exhibit "A". This policy is reviewed every two years. The stated purpose of the investment policy is to establish investment objectives of the Village in compliance with Federal, state, and local laws. Specifically, Chapter 135 of Ohio Revised Code (the Uniform Depository Act) and Sections 731.55 through 731.59 of the Ohio Revised Code shall be adhered to at all times.

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

*Credit Risk:* The Village's investments in the money market account were rated A-1 and P-1 by Standard & Poor's Investor Services, respectively.

Village of Hiram  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

**Note 5 - Deposits and Investments** (Continued)

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Village's investment in money market accounts, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Village. The federal agency securities are exposed to custodial credit risk in that the uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the Village's name.

As of December 31, 2010, the Village had the following investments

	<u>Carrying Value</u>
Demand Deposits	\$ 50,497
Total Deposits	50,497
Money Market	<u>1,725,462</u>
Total Investments	<u>1,725,462</u>
Total Deposits and Investments	\$ <u>1,775,959</u>

**Note 6 – Income Taxes**

The Village levies a 2 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 2 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village monthly. Corporations and other individual taxpayers pay their estimated tax at least quarterly and no reconciliation is required.

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien dates. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due February 14, with the remainder payable by July 15. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2010 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Village of Hiram  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

**Note 7 – Property Taxes** (Continued)

The full tax rate for all Village operations for the year ended December 31, 2010, was \$9.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential & Agriculture	\$6,879,070
Commercial/Industrial/Mineral	\$1,943,330
Public Utility Property	
Personal	\$318,580
Tangible Personal Property	\$27,415
Total Assessed Value	<u>\$9,168,395</u>

**Note 8 – Interfund Receivables/Payables**

The Village had no outstanding transfers or advances at the end of 2010.

**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 Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements, and other expenses resulting for covered claims that exceed the members’ deductibles.

The Pool transfers certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any insurer be unable to meet its reinsurance obligations.

The Pool financial statements (audited by other auditors) conform to generally accepted accounting principles and reported the following assets, liabilities, and retained deficit as of December 31, 2008 (the most recent issued report).

Assets \$2,552,519  
Liabilities \$2,814,306  
Accumulated Deficit (\$261,787)

Casualty excess-of-loss contracts on December 31, 2010 generally protect against individual losses exceeding \$3,000,000.

Property coverage contracts protect against losses, are subject to a deductible of \$1,000, and are limited to an annual aggregate loss of \$5,634,783.

The Village entered into a participation agreement with the Pool which provides for additional assessments to its members if contributions are insufficient to meet obligations.

**Note 10 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

All Village full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP)-a cost-sharing, multiple-employer defined pension plan.

**Note 10 – Defined Benefit Pension Plans** (Continued)

- The Member-Directed Plan (MD)-a benefit contribution plan in which the members invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings.
- The Combined Plan (CO)-a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined plan, employer contributions are vested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar of the Member-Directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2010, the members of all three plans except those in law enforcement or public safety participating in the Traditional Plan, were required to contribute 10 percent of their annual salaries. Members in the Traditional Plan who were in law enforcement contributed 11.10 percent of their annual covered salary.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The employer's pension contribution rate for the Village was 14 percent of covered payroll. The Village's required contributions to OPERS for the years ended December 31, 2010, 2009, and 2008, were \$71,870, \$74,953, and \$68,435, respectively. The full amount has been contributed for 2010, 2009, and 2008. Contributions to the Member Directed plan for 2010 were \$1,095 made by the Village and \$782 made by plan members.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2010, 2009, and 2008 were \$16,889, \$16,757, and \$16,077. The full amount has been contributed for 2010, 2009 and 2008.

**Note 11 – Post-employment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined Plan; however, health care benefits are not statutorily guaranteed. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in *GASB Statement No. 45*. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides for statutory authority for employer contributions. The 2009 employer contribution rate was 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for State and local employer units. Active members do not make contributions to OPEB Plan.

OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care was 7.00 percent from January 1, 2009 through March 31, 2009 and 5.50 percent from April 1 through December 31, 2009. The OPERS Retirement is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 5.00 percent annually for the next six years. In subsequent years (7 and beyond), health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

As of December 31, 2009, the number of active contributing participants in the Traditional Pension and Combined plans totaled 357,584. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388. Actual Village contributions for 2009 which were used to fund post-employment benefits were \$31,059. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS' net assets available for payment of benefits at December 31, 2008 (the latest information available) was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.



**Note 11 – Post-employment Benefits** (Continued)

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The plan incorporates a cafeteria approach, offering a broad range of health care options that allow the benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by the OP&F. OP&F provides health care benefits, including coverage for medical, prescription drugs, dental; vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OP&F provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check, or is a spouse or eligible dependent or such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a two-thirds basis. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Health care funding and accounting is on a pay-as-you-go basis.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F's Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

The Ohio Revised Code provides for contributions requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent of covered payroll for police employers. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of the covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the 401 (h) account as the employer contribution for retiree health care benefits. The year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. The number of OP&F participants eligible to receive health care benefits as of December 31, 2008 the date of the last actuarial valuation was 14,797 for police.

The Village's actual contributions for 2010 that were used to fund post-employment health care benefits were \$5,844. The OP&F's total health care expenses for the year ended December 31, 2009 (the latest information available) was \$168,744,032, which was net of member contributions of \$59,148,831.

Village of Hiram  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

**Note 12 - Debt**

The Village's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2009	Maturity Date	Principal Payments	Balance December 31, 2010	Principal Due Within One Year
<u>Governmental Activities</u>						
Middlefield Bank	4.50%	\$0	2015	\$7,399	\$74,826	\$15,358
(\$82,225)						
Total Governmental Activities	-	\$0	-	\$7,399	\$74,826	\$15,358
<u>Business-Type Activities</u>						
1624 OWDA Loan	7.77%	\$37,787	2010	\$37,787	\$0	\$0
(\$406,721.12)						
2291 OWDA Loan	3.54%	\$689,635	2014	\$128,421	\$561,214	\$133,007
(\$2,161,237.21)						
2292 OWDA Loan	4.35%	\$2,450	2014	\$0	\$2,450	\$0
(\$13,417.70)						
2748 OWDA Loan	2.00%	\$121,028	2017	\$15,123	\$105,905	\$15,425
(\$286,859.93)						
2749 OWDA Loan	2.00%	\$82,485	2018	\$9,002	\$73,843	\$9,182
(\$174,172.62)						
2750 OWDA Loan	2.00%	\$100,111	2019	\$9,676	\$90,435	\$9,870
(\$190,956.50)						
3498 OWDA Loan	2.00%	\$178,488	2022	\$12,703	\$165,785	\$12,958
(\$266,110.46)						
3499 OWDA Loan	2.00%	\$10,450	2022	\$744	\$9,707	\$759
(\$15,580.73)						
3894 OWDA Loan	2.00%	\$42,893	2023	\$2,797	\$40,096	\$2,854
(\$59,779.48)						
CT224 OPWC Loan	0.00%	\$3,900	2011	\$2,600	\$1,300	\$1,300
(\$52,000.00)						
CT917 OPWC Loan	0.00%	\$134,138	2017	\$17,885	\$116,253	\$17,885
(\$357,000)						
Total Business-Type Activities		\$1,407,370	-	\$236,738	\$1,166,628	\$203,240

TOTALS: \$1,407,370 \$244,137 \$1,241,454 \$217,692

	Balance 12/31/2009	\$1,407,370
	Less Principal Payments without Fire Truck	<u>\$ 236,738</u>
	TOTAL	\$1,170,632

	Balance 12/31/2009	\$1,407,370
	Add loan for Fire Truck	\$ 88,226
	Less Principal Payments with Fire Truck	<u>\$ 244,137</u>
	TOTAL	\$1,251,459

Village of Hiram  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

**Note 12 – Debt** (Continued)

The Ohio Water Development Authority (OWDA) loans relate to sewer system expansion projects that were mandated by the Ohio Environmental Protection Agency. There are four loans from the OWDA for sewer projects. There is a balance as of December 31, 2010 of \$573,370 which will be repaid in semiannual installments of principal and interest. Loan #1624 will be paid in 2010, loan # 2291 will be paid in 2014, loan #2292 will be paid in 2015 and loan #3499 will be paid in 2022. These loans are secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Loan # 2292 has a credit with OWDA which will affect payments through 2011.

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, 2010 of \$475,704 this 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.

The Ohio Public Works Commission (OPWC) provides interest free loans to qualifying entities. The Village has two loans with OPWC. There is a balance of \$117,553 that is repaid in semiannual payments of principal only. Loan #CT224 is for sewer and will be repaid in 2011. 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 a 2010 pumper tanker truck to be built by Kovatch Mobile Equipment (KME) for \$431,098. This purchase would not have been possible without the help given by Hiram Township. There is a balance as of December 31, 2010 of \$74,826 which will be repaid in semiannual installments of principal and interest.

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

Year	OWDA Loans		OPWC Loans		Middlefield Bank	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 184,055	\$ 28,325	\$ 19,185	\$0	\$15,342	\$3,239
2012	\$ 190,731	\$ 22,669	\$ 17,885	\$0	\$16,043	\$2,539
2013	\$ 196,759	\$ 16,666	\$ 17,885	\$0	\$16,790	\$1,791
2014	\$ 202,961	\$ 10,464	\$ 17,885	\$0	\$17,565	\$1,016
2015-2019	\$ 221,128	\$ 16,606	\$ 44,713	\$0	\$ 9,085	\$ 206
2020-2023	\$ 45,863	\$ 1,672	\$ 0	\$0	\$ 0	\$ 0
<b>Total:</b>	<b>\$1,041,497</b>	<b>\$196,402</b>	<b>\$117,553</b>	<b>\$0</b>	<b>\$74,825</b>	<b>\$8,791</b>

**Note 13 – Leases**

The Village leases buildings, vehicles and other equipment under non-cancelable leases. The Village disbursed \$3,432 to pay lease costs for the year ended December 31, 2010. In 2009 the lease was renewed for another two years.

Village of Hiram  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

**Note 14 – Interfund Transfers**

During 2010 the following transfers were made:

Transfers from the General Fund to:	
Capital Improvement Fund	<u>\$104,066.00</u>
Water Operating to Water Capital Improvement	<u>\$ 55,000.00</u>
Sewer Operating to Sewer Capital Improvement	<u>\$ 50,000.00</u>
Total Transfers from the General Fund	<u>\$104,066.00</u>
Total Transfers from the Water Fund	<u>\$ 55,000.00</u>
Total Transfers from the Sewer Fund	<u>\$ 50,000.00</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. The transfer from the General Fund to the Capital Improvement Fund was the funds for the Village contracts (\$26,000) The transfer from General Fund to the Capital Improvement Fund of \$78,066.38 was per Ordinance 2009-08 authorizing fifty percent (50%) of the appropriations not spent by the Police Department, Fire Department, Street Department and Administrative Department be transferred to the Capital Improvement Fund for future purchases.

The transfer from the Water Operating into the Water Capital Improvement Fund of \$55,000 was to set aside monies for future capital improvements. The transfer from the Sewer Operating to the Sewer Capital Improvement Fund of \$50,000 was also to set aside monies for future capital improvements.

**Note 15 – Construction and Contractual Commitments**

There was no material construction or contractual commitments as of December 31, 2010.

**Note 16 – Contingent Liabilities**

The Village was not part of any lawsuits during 2010.

**Note 17 – Public Entity 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 Worker's Comp Group Rating Pool with CompManagement as the 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.

**Note 17 – Public Entity Risk Pool** (Continued)

The Workers' Comp. 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 comp premiums. In addition the members receive assistance with claims administration from CompManagement, Inc, the plan administrator.

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' 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  
P.O. Box 65  
Hiram, OH 44234-0065

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hiram, Portage County, (the Village) as of and for the year ended December 31 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 15, 2012. We also noted the Government processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

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

Voinovich Government Center, 242 Federal Plaza W. Suite 302, Youngstown, Ohio 44503-1293  
Phone: 330-797-9900 or 800-443-9271 Fax: 330-797-9949

[www.ohioauditor.gov](http://www.ohioauditor.gov)

### **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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

June 15, 2012





# 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 12, 2012