

---

*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

---

*VILLAGE OF HIRAM*

*PORTAGE COUNTY*

*A&A*  
**REGULAR AUDIT**

For the Years Ended

December 31, 2019 and 2018

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
Fax (330) 768-7574



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

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, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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 "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 10, 2020



VILLAGE OF HIRAM  
PORTAGE COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2019 .....	4
2019 Notes to the Financial Statements .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2018 .....	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2018 .....	16
2018 Notes to the Financial Statements .....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	27
Schedule of Audit Findings .....	29
Schedule of Prior Audit Findings.....	33

*This page intentionally left blank*



**ALGER & ASSOCIATES, Inc.**

***Certified Public Accountants***

---

**INDEPENDENT AUDITOR'S REPORT**

Village of Hiram  
Portage County  
11617 Garfield Road  
Box 65  
Hiram, Ohio 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, 2019 and December 31, 2018.

***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.

6927 Burgundy Ave. NW  
North Canton, OH 44720  
Phone - 330-353-5851  
FAX - 330-768-7574

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.

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, 2019 and December 31, 2018, 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, 2019 and December 31, 2018, 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.

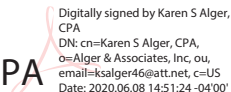
***Emphasis of Matter***

As discussed in Note 13 to the financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding his matter.

The accompanying financial statements have been prepared assuming the Village will continue as a going concern. As discussed in Note 14 to the financial statements, the Village has suffered recurring net losses in prior years from operations in the General Fund. These conditions raise substantial doubt about the Village's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2020, 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.

**Karen S  
Alger, CPA**   
Digitally signed by Karen S Alger,  
CPA  
DN: cn=Karen S Alger, CPA,  
o=Alger & Associates, Inc, ou,  
email=ksalger4@att.net, c=US  
Date: 2020.06.08 14:51:24 -0400'

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

May 12, 2020



**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, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$56,258	\$50,099		\$106,357
Municipal Income Tax	444,550	54,993		499,543
Intergovernmental	64,483	51,133	\$243,321	358,937
Special Assessments	7,539			7,539
Charges for Services	161,350	233,110	16,000	410,460
Fines, Licenses and Permits	27,258	626		27,884
Earnings on Investments	22,466	2,972		25,438
Miscellaneous	19,071	16,457	40,395	75,923
<i>Total Cash Receipts</i>	<u>802,975</u>	<u>409,390</u>	<u>299,716</u>	<u>1,512,081</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	464,970	44,126		509,096
Public Health Services		249,864		249,864
Leisure Time Activities	5,910			5,910
Community Environment	5,007	131		5,138
Basic Utility Services	2,200			2,200
Transportation	140,210	263,045	104,480	507,735
General Government	267,489	2,248		269,737
Capital Outlay	0		734,028	734,028
Debt Service:				
Principal Retirement	9,490	10,198	21,293	40,981
Interest and Fiscal Charges	201	6,201	4,460	10,862
<i>Total Cash Disbursements</i>	<u>895,477</u>	<u>575,813</u>	<u>864,261</u>	<u>2,335,551</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(92,502)</u>	<u>(166,423)</u>	<u>(564,545)</u>	<u>(823,470)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Loans Issued		300,500	352,541	653,041
Transfers In		412	72,118	72,530
Transfers Out	(72,530)			(72,530)
Advances In	158,047	11,800		169,847
Advances Out	(11,800)	(42,912)	(115,135)	(169,847)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>73,717</u>	<u>269,800</u>	<u>309,524</u>	<u>653,041</u>
<i>Net Change in Fund Cash Balances</i>	<u>(18,785)</u>	<u>103,377</u>	<u>(255,021)</u>	<u>(170,429)</u>
<i>Fund Cash Balances, January 1</i>	<u>195,788</u>	<u>447,746</u>	<u>496,661</u>	<u>1,140,195</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	280			280
Restricted		551,123	241,640	792,763
Assigned	127,011			127,011
Unassigned (Deficit)	49,712			49,712
<i>Fund Cash Balances, December 31</i>	<u>\$177,003</u>	<u>\$551,123</u>	<u>\$241,640</u>	<u>\$969,766</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, 2019*

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$484,280		\$484,280
<i>Total Operating Cash Receipts</i>	484,280	-	484,280
<b>Operating Cash Disbursements</b>			
Personal Services	147,537		147,537
Employee Fringe Benefits	51,851		51,851
Contractual Services	95,165		95,165
Supplies and Materials	84,649	\$4,330	88,979
Other	57		57
<i>Total Operating Cash Disbursements</i>	379,259	4,330	383,589
<i>Operating Income (Loss)</i>	105,021	(4,330)	100,691
<b>Non-Operating Receipts (Disbursements)</b>			
Earnings on Investments (proprietary funds only)	4,175		4,175
Miscellaneous Receipts	9,440		9,440
Principal Retirement	(30,625)		(30,625)
Interest and Other Fiscal Charges	(2,474)		(2,474)
<i>Total Non-Operating Receipts (Disbursements)</i>	(19,484)	-	(19,484)
<i>Net Change in Fund Cash Balances</i>	85,537	(4,330)	81,207
<i>Fund Cash Balances, January 1</i>	749,370	13,191	762,561
<i>Fund Cash Balances, December 31</i>	\$834,907	\$8,861	\$843,768

*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, 2019*

---

**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 participates in one public entity risk pool. Note 7 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.

***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:

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

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

***Hiram Street Improvements Fund*** – This fund receives money from the Ohio Public Works Commission in the form of an SCIP grant and RLP loan for the reconstruction and paving of streets throughout the Village. The zero-interest loan is for a term of 16 years with semi-annual installments.

***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 direct the planting 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.

***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.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

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

***Budgetary Process***

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, function or object 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 2019 budgetary activity appears in Note 3.

***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.

***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.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

**Fund Balance** *(continued)*

**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**

The prior year’s audited fund balances were adjusted to reflect the actual fund balances as reconciled to the bank and investment balances.

	Enterprise
Fund Cash Balance, December 31, 2018	\$748,836
Prior Period Expenditures voided	\$534
Fund Cash Balance, December 31, 2018	<u>\$749,370</u>

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

Fund Type	2019 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$765,011	\$802,975	\$37,964
Special Revenue	354,175	710,302	356,127
Capital Projects	558,250	724,375	166,125
Enterprise	479,000	497,895	18,895
Total	<u>\$2,156,436</u>	<u>\$2,735,547</u>	<u>\$579,111</u>

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 4 – Budgetary Activity**

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,044,220	\$997,569	\$46,651
Special Revenue	735,063	661,859	73,204
Capital Projects	1,310,508	1,162,635	147,873
Enterprise	481,188	433,300	47,888
Total	\$3,570,979	\$3,255,363	\$315,616

Contrary to Ohio law §5705.41(B) budgetary expenditures exceeded appropriations in the State EMS Grant Fund at end of December 31, 2019.

In addition, contrary to Ohio law §5705.39 appropriations exceeded estimated resources available (estimated receipts plus unencumbered balances) in in three Special Revenue fund and five Capital Project Fund at end of December 31, 2019.

**Note 5 – Deposits and Investments**

The Village maintains a deposits 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:

	2019
Demand deposits	\$147,555
Money Market Investment Account	1,665,979
Total deposits and investments	\$1,813,534

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

The Village invested in a Money Market fund which is recorded at the amount reported by Middlefield Bank. A financial institution 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 6 – Taxes** *(continued)*

**Property Taxes** *(continued)*

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

The Village levies a municipal income tax of 2.25 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 first 2 percent proceeds are placed into the General Fund and the remaining .25 percent proceeds are placed into a Special Revenue Street Infrastructure/Equipment 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 7 – Interfund Balances**

***Outstanding Advances not repaid***

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. Advances to these funds are to provide working capital for operations or projects.

In October of 2018, the General Fund made an advance to the Street Infrastructure/Equipment fund (2012) of \$23,226 for the purchase of a new Kubota UTV. The .25 percent income tax increase is being receipted into the Street Infrastructure/Equipment fund in order to help repay this advance to the Village's General Fund. The understanding was that this advance would be repaid half in 2019 and the balance in 2020. The balance of \$11,226 remains open as of December 31, 2019.

In August of 2018, the General Fund advanced \$6,731 to the Body Armor Grant fund (2275) to provide for working capital. The Body Armor Grant fund will repay the Village once the reimbursable grant is received by the Ohio Department of Justice. This advance remains open as of December 31, 2019.

**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, 2019, retention levels are \$50,000 and \$1,000,000 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*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

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

**Risk Pool Membership** *(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, 2019.

Assets	\$ 1,582,183
Liabilities	<u>(\$1,087,219)</u>
Accumulated Surplus	<u>\$494,964</u>

**Public Entity Self Insurance Risk Pool**

The Village participates in the Ohio Municipal League’s Joint Self Insurance Pool through AssuredPartners 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 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, 2019.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 9 – 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, 2019.

***Social Security***

Village’s 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, 2019.

**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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 11 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$53,888	2.00%
Middlefield Bank Loan-2017 Rescue Squad	74,519	3.00%
Middlefield Bank Loan-2017 Str. Dump Truck	51,459	3.00%
Middlefield Bank Loan-2019 PD Cruiser	17,685	3.00%
Middlefield Bank Loan-2019 Mini Pump Fire Truck	158,890	3.56%
Ohio Public Works Commission-Street Imp. Loan	167,644	0.00%
Middlefield Bank Loan-Sidewalk Replacement Project	294,860	4.00%
Total	\$818,945	

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 11 – 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 is one loan outstanding, loan #3499, from the OWDA for sewer projects. There is a balance, as of December 31, 2019, of \$2,303 which will be repaid in semiannual installments of principal and interest. The loan 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 two loans from the OWDA for water projects. There is a balance, as of December 31, 2019, for loan #3498 of \$39,336 and for loan #3894 of \$12,249 which will be repaid in semiannual installments of principal and interest. 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) Loan #CG31V is for work on various street improvements and reconstruction. There is a balance, as of December 31, 2019, of \$167,644 which will be repaid in semiannual installments of principal only, no interest with payments beginning in 2020. The life of the loan is 16 years.

The Village entered into a cash collateral loan with Middlefield Bank to cover the replacement costs of many of the sidewalks throughout the Village. The project completed late in 2019 with semi-annual payments of principal and interest. There is a balance, as of December 31, 2019, for \$294,860. The life of the loan is 20 years.

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, 2019, of \$74,519 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.

The Village purchased in 2018 a new 2017 Ford F550 Dump Truck with Plow for Hiram Street Department's fleet of vehicles. There is a balance, as of December 31, 2019, of \$51,459 which will be repaid in quarterly installments of principal and interest. The loan through the Middlefield Banking Co. will be repaid by May 15, 2022.

The Village purchased in February of 2019 a new 2019 Ford Explorer Interceptor for the Hiram Police Department's fleet of vehicles. There is a balance, as of December 31, 2019, of \$17,685 which will be repaid in quarterly installments of principal and interest. The loan through the Middlefield Banking Co. will be repaid by May of 2022.

The Village purchased in August of 2019 a new 2019 Ford F550 Mini Pumper Fire Truck for the Hiram Fire Department's fleet of vehicles. There is a balance, as of December 31, 2019, of \$158,890 which will be repaid in quarterly installments of principal and interest. The loan through the Middlefield Banking Co. will be repaid by May of 2026 or sooner.

***Leases***

The Village leases copier equipment as needed under non-cancelable leases. The Village disbursed \$2,363 to pay lease costs for the year ended December 31, 2019.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 11 – Debt (continued)**

**Amortization**

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

Year Ending December 31:	OWDA Loan	OPWC Loan #CG31V	Middlefield Bank Loan Sidewalks	Middlefield Bank Loan PD Cruiser	Middlefield Bank Loan Rescue Squad	Middlefield Bank Loan Dump Truck	Middlefield Bank Loan Mini Pumper
2020	\$20,799	\$10,478	\$15,119	\$7,475	\$15,413	\$21,530	\$26,479
2021	20,799	10,478	15,119	7,475	15,413	21,530	26,479
2022	12,220	10,478	15,119	3,737	15,413	10,765	26,479
2023	1,821	10,478	15,119		15,413		26,479
2024		10,478	15,119		15,413		26,479
2025-2029		52,389	75,595				39,718
2030-2034		52,389	75,595				0
2035-2039		10,478	68,075				
Total	\$55,639	\$167,646	\$294,860	\$18,687	\$77,065	\$53,825	\$172,113

**Note 12 – Contingent Liabilities**

The Village was not part of any lawsuits in 2019.

**Note 13 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 14 – Going Concern**

Expenses have exceeded revenue for the years of 2014, 2015 2016, 2017, 2018, and 2019 in the General Fund.

The Village has suffered with recurring deficit spending, since 2014, the Village’s General Fund has reflected expenditures exceeding revenues. In the environment of the COVID-19 pandemic, there is a heightened degree of uncertainty associated with trying to project for a 12-month period into the future. The concerns are raised with the revenue generating from businesses shutting down reducing income tax revenue, to the relief stimulus from the federal government are tax free, to possible State funding reduction such as fuel tax and sales tax decreases, These concerns can lead to the Auditor of State determining a Fiscal Watch, Caution or Emergency exits and appointment of a financial planning and supervision commission to assure certain management responsibilities for duration of this emergency pursuant to Chapter 118 of the Ohio Revised Code.

**Management’s Plan Regarding Going Concern**

Council takes seriously the concern and is working diligently into various way to operate efficiently.

The accompanying financial statements do not include any adjustments that might be necessary if the Village is unable to continue as a going concern.

**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, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$62,570	\$54,236		\$116,806
Municipal Income Tax	454,634	14,504		469,138
Intergovernmental	67,532	143,303	\$42,225	253,060
Special Assessments			4,200	4,200
Charges for Services	161,264	290,319	15,999	467,582
Fines, Licenses and Permits	33,432	3,500		36,932
Earnings on Investments	22,364	2,957		25,321
Miscellaneous	22,532	20,617		43,149
<i>Total Cash Receipts</i>	<u>824,328</u>	<u>529,436</u>	<u>62,424</u>	<u>1,416,188</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	431,608	14,143		445,751
Public Health Services	0	240,528		240,528
Leisure Time Activities	12,421	4,999		17,420
Community Environment	7,384	1,106		8,490
Basic Utility Services	2,167			2,167
Transportation	138,820	65,878	33,000	237,698
General Government	282,984	897		283,881
Capital Outlay	79,871		6,600	86,471
Debt Service:				
Principal Retirement	4,102	2,279	18,325	24,706
Interest and Fiscal Charges	961	412	3,687	5,060
<i>Total Cash Disbursements</i>	<u>960,318</u>	<u>330,242</u>	<u>61,612</u>	<u>1,352,172</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(135,990)</u>	<u>199,194</u>	<u>812</u>	<u>64,016</u>
<b>Other Financing Receipts (Disbursements)</b>				
Loans Issued	80,090			80,090
Sale of Capital Assets			7,355	7,355
Transfers In			72,506	72,506
Transfers Out	(62,649)	0	(9,857)	(72,506)
Advances In	166,381	49,069	102,000	317,450
Advances Out	(151,069)	(135,563)	(30,818)	(317,450)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>32,753</u>	<u>(86,494)</u>	<u>141,186</u>	<u>87,445</u>
<i>Net Change in Fund Cash Balances</i>	<u>(103,237)</u>	<u>112,700</u>	<u>141,998</u>	<u>151,461</u>
<i>Fund Cash Balances, January 1</i>	<u>299,025</u>	<u>335,046</u>	<u>354,663</u>	<u>988,734</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	280			280
Restricted		447,746	496,661	944,407
Assigned	184,197			184,197
Unassigned (Deficit)	11,311			11,311
<i>Fund Cash Balances, December 31</i>	<u>\$195,788</u>	<u>\$447,746</u>	<u>\$496,661</u>	<u>\$1,140,195</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, 2018*

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$473,513		\$473,513
<i>Total Operating Cash Receipts</i>	<u>473,513</u>	<u>-</u>	<u>473,513</u>
<b>Operating Cash Disbursements</b>			
Personal Services	175,476		175,476
Employee Fringe Benefits	55,949		55,949
Contractual Services	96,586		96,586
Supplies and Materials	83,145	\$1,456	84,601
Other	4		4
<i>Total Operating Cash Disbursements</i>	<u>411,160</u>	<u>1,456</u>	<u>412,616</u>
<i>Operating Income (Loss)</i>	<u>62,353</u>	<u>(1,456)</u>	<u>60,897</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Earnings on Investments (proprietary funds only)	4,156		4,156
Miscellaneous Receipts	2,380		2,380
Capital Outlay	(8,346)		(8,346)
Principal Retirement	(38,339)		(38,339)
Interest and Other Fiscal Charges	(2,693)		(2,693)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(42,842)</u>	<u>-</u>	<u>(42,842)</u>
<i>Net Change in Fund Cash Balances</i>	19,511	(1,456)	18,055
<i>Fund Cash Balances, January 1</i>	<u>729,325</u>	<u>14,647</u>	<u>743,972</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$748,836</u></u>	<u><u>\$13,191</u></u>	<u><u>\$762,027</u></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, 2018*

---

**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, 2018*

---

**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, 2018*

---

**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.

***Budgetary Process***

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, function or object 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 2018 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:

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

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

**Fund Balance** *(continued)*

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

**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 – Beginning Balance General Fund Adjustment for Fund Classification**

The Village reported the Unclaimed Monies Fund improperly as an agency fund in 2017 rather than classified as part of the General Fund with the fund cash balance reported as nonspendable. Therefore, the beginning cash fund balance in the General Fund for 2018 was increased by \$280 and the Agency Fund beginning cash fund balance was decreased by \$280.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$753,175	\$904,418	\$151,243
Special Revenue	315,752	529,436	213,684
Capital Projects	25,857	142,285	116,428
Enterprise	489,000	480,049	(8,951)
Total	\$1,583,784	\$2,056,188	\$472,404

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 4 - Budgetary Activity** *(continued)*

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,160,395	\$1,044,694	\$115,701
Special Revenue	330,871	457,682	(126,811)
Capital Projects	613,898	623,755	(9,857)
Enterprise	547,533	480,308	67,225
Total	\$2,652,697	\$2,606,439	\$46,258

Contrary to Ohio law §5705.41(B) budgetary expenditures exceeded appropriations authority in four Special Revenue fund classification and the Capital Project fund, OPWC Grant Hinddale fund at end December 31, 2018.

In addition, contrary to Ohio law §5705.39 appropriations exceeded estimated resources available (estimated receipts plus unencumbered balances) in in three Special Revenue fund and two Capital Project funds and one Enterprise Fund at end of December 31, 2018.

**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:

	2018
Demand deposits	\$137,754
Money Market Investment Account	1,764,468
Total deposits and investments	\$1,902,222

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

The Village invested in a money market fund which is recorded at the amount reported by Middlefield Bank. 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 6 – Taxes** *(continued)*

***Income Taxes***

The Village levies a municipal income tax of 2.25 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 first 2% proceeds are placed into the General Fund and the remaining .25% proceeds are placed into a Street Infrastructure/Equipment.

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 7 – Interfund Balances**

***Outstanding Advances not repaid***

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. Advances to these funds are to provide working capital for operations or projects.

In May of 2018, the General Fund advanced \$57,000 to the OPWC Constance Ave Rd. Fund (4903) and \$45,000 to the OPWC Grant St Improvement Fund (4904) for development of the two street improvement projects. The two OPWC grants are provided by the State's Ohio Public Works Commission. These are reimbursing grants therefore, once funds are reimbursed to the Village, they can be advanced back to the General Fund. These two advances remain open as of December 31, 2018.

In October of 2018, the General Fund advanced \$4,112 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, 2018.

In October of 2018, the General Fund made two advances to the Street Infrastructure/Equipment fund (2012). The first \$15,000 for sidewalk improvements and the remaining \$23,226 is for purchase of a Kubota UTV. Once the new .25% income tax increase is received the advance will be repaid to the Village's General Fund with the UTV Kubota advance being paid half in 2019 and half in 2020. These two advances remain open as of December 31, 2018.

In August of 2018, the General Fund advanced \$6,731 to the Body Armor Grant Fund (2275) to provide for working capital. The Body Armor Grant Fund will repay the Village once the reimbursable grant is received by the Ohio Department of Justice. This advance remains open as of December 31, 2018.

**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.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

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

**Risk Pool Membership** *(continued)*

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, 2018, 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, 2018.

Assets	\$1,341,128
Liabilities	<u>(884,941)</u>
Accumulated Surplus	\$ <u>456,187</u>

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

The Village participates in the Ohio Municipal League's Joint Self Insurance Pool through AssuredPartners 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.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**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, 2018.

***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, 2018.

***Social Security***

Village's 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, 2018.

**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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 11 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$79,042	2.00%
Middlefield Bank Loan-2015 PD Cruiser	3,257	3.50%
Middlefield Bank Loan-2017 Rescue Squad *	84,237	3.00%
Middlefield Bank Loan-2017 Dump Truck Street	70,974	3.00%
Total	\$237,510	

\* The prior audit’s ending debt balance for the 2017 Rescue Squad was over stated by \$4,000.

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, loan #3499 from the OWDA for sewer projects. There is a balance, as of December 31, 2018, of \$3,193 which will be repaid in semiannual installments of principal and interest. The loan 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 three remaining loans from the OWDA for water projects. There is a balance, as of December 31, 2018 for loan #2750 for \$5,724, loan #3498 of \$54,530 and for loan #3894 of \$15,595 which will be repaid in semiannual installments of principal and interest. 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, 2018, of \$3,257 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, 2018, of \$84,237 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.

The Village purchased in 2018 a new 2017 Ford F550 Dump Truck with Plow for Hiram Street Department’s fleet of vehicles. There is a balance, as of December 31, 2018, of \$70,974 which will be repaid in quarterly installments of principal and interest. The loan through the Middlefield Banking Co. will be repaid by May 15, 2022.

**Village of Hiram, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 11 – Debt** *(continued)*

***Amortization***

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

Year Ending December 31:	OWDA Loan	Middlefield Bank Loan PD Cruiser	Middlefield Bank Loan Rescue Squad	Middlefield Bank Loan Dump Truck
2019	\$26,639	\$3,300	\$15,413	\$21,530
2020	20,799	0	15,413	21,530
2021	20,799	0	15,413	21,530
2022	12,220	0	15,413	10,766
2023	1,821	0	15,413	0
2024	0	0	15,413	0
Total	<u>\$82,278</u>	<u>\$3,300</u>	<u>\$92,478</u>	<u>\$75,356</u>

**Leases**

The Village leases copier equipment as needed under non-cancelable leases. The Village disbursed \$4,606 to pay lease costs in the year ending December 31, 2018.

**Note 12 – Contingent Liabilities**

The Village was not part of any lawsuits in 2018.





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

***Certified Public Accountants***

---

**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  
Hiram, Ohio 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 County, (the Village) as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated May 12, 2020 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. In addition, as disclosed in Note 12, the United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. In addition, we noted that the accompanying financial statements have been prepared assuming the Hiram Village will continue as a going concern. As discussed in Note 13 to the financial statements, the Village has suffered recurring net losses in prior years from operations in the General Fund that raise doubts about its ability to continue as a going concern.

***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 2019-001 through 2019-003 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 2019-001 through 2019-003.

### ***Village's Response to Findings***

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it

### ***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.

**Karen S  
Alger, CPA**

Digitally signed by Karen S Alger, CPA  
DN: cn=Karen S Alger, CPA, o=Alger &  
Associates, Inc, ou,  
email=ksalger46@att.net, c=US  
Date: 2020.06.08 14:50:58 -04'00'

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

May 12, 2020

*Village of Hiram, Ohio  
Portage County  
Schedule of Findings  
December 31, 2019 and 2018*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2019-001**

**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, 2018, and December 31, 2019, the following funds had appropriations in excess of estimated resources.

<b>December 31, 2018</b>	Estimated Available Resources	Appropriations	Excess
Fund			
<b>Special Revenue Funds:</b>			
State EMS Grant	\$373	\$3,250	(\$2,877)
Land & Water Conservation	(\$108,420)	\$0	(\$108,420)
Natural Works Grant	(\$43,107)	\$0	(\$43,107)
<b>Capital Projects</b>			
OPWC Grant Constance ave	\$9,857	\$135,000	(\$125,143)
OPWC Grant Street Improvement	\$0	\$450,000	(\$450,000)
<b>Enterprise</b>			
Water Capital Improvement	\$4,595	\$12,000	(\$7,405)

<b>December 31, 2019</b>	Estimated Available Resources	Appropriations	Excess
Fund			
<b>Special Revenue Funds:</b>			
Street Infrastructure/Equipment	\$16,278	\$329,415	(\$313,137)
State EMS Grant	(\$7,239)	\$2,000	(\$9,239)
HPD Patrol Enhancement	\$4,123	\$16,738	(\$12,615)
<b>Capital Projects</b>			
Sidewalks on State Routes Grant	(\$18,135)	\$7,942	(\$26,077)
Hike & Bike Trail Grant	(\$9,182)	\$0	(\$9,182)
Capital Projects	\$399,575	\$467,623	(\$68,048)
OPWC Grant Constance Ave	\$1,050	\$62,250	(\$61,200)
OPWC Grant Street Improvements	\$0	\$213,750	(\$213,750)

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.

*Village of Hiram, Ohio  
Portage County  
Schedule of Findings  
December 31, 2019 and 2018*

**FINDING NUMBER 2019-002**

**Noncompliance Citation/Material Weakness – Expenditures exceeding Appropriations**

Ohio Revised Code §5705.41(B), states no subdivision or taxing unit shall make any expenditure of money unless it has been properly appropriated. The Village had not amended their appropriation measure with the County Auditor therefore the following expenditures exceeded appropriations as of December 31, 2018, and December 31, 2019.

<b>December 31, 2018</b>	Appropriations	Budgetary	
Fund	Authority	Expenditures	Excess
<b>Special Revenue Funds:</b>			
Street Infrastructure/Equip	\$0	\$38,225	(\$38,225)
Motor Vehicle License Tax	\$6,007	\$7,059	(\$1,052)
Land & Water Conservation	\$0	\$77,692	(\$77,692)
Natural Works Grant	\$0	\$47,677	(\$47,677)
<b>Capital Projects</b>			
OPWC Grant Hinddale	\$0	\$9,857	(\$9,857)

<b>December 31, 2019</b>	Appropriations	Budgetary	
Fund	Authority	Expenditures	Excess
<b>Special Revenue Funds:</b>			
State EMS Grant	\$2,000	\$3,637	(\$1,637)

We recommend the Fiscal Officer ensure its annual appropriation resolution is passed in a timely manner. The annual appropriation resolution and any supplemental appropriations approved by Council be filed with the County Auditor. Also, the Fiscal Officer should deny requests for payments when appropriations are not available. This can result in the Village spending more money than it appropriated and could cause possible negative fund balances.

**FINDING NUMBER 2019-003**

**Noncompliance Citation/Material Weakness – Financial Reporting and Fund Type Classification**

Ohio Administrative Code Section 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.

All receipts/disbursements should be properly classified as to the type of receipt/disbursement based on its source and purpose.

The General Fund should also report assigned fund balances for any encumbrances outstanding at fiscal year-end, as well as amounts assigned from subsequent year appropriations, which would be equal to amount of subsequent year's appropriations that exceed the subsequent year's estimated receipts. The residual amount of any fund balance in the General Fund should be classified as unassigned fund balance. Additionally, agency funds account for activity that is purely custodial in nature, held on-behalf-of another entity or entities, and remitted at a later time.

The Village recorded several transactions incorrectly. Incorrect postings identified included the following:

*Village of Hiram, Ohio  
Portage County  
Schedule of Findings  
December 31, 2019 and 2018*

**FINDING NUMBER 2019-003**

**Noncompliance Citation/Material Weakness – Financial Reporting** *(continued)*

**2018 Incorrect postings resulting in financial statement reclassifications:**

- Homestead receipts totaling \$312 in the General Fund and \$2,319 in Special Revenue Fund were improperly recorded as Property and Other Taxes rather than as Intergovernmental Revenue.
- A receipt of \$3,880 from Ohio Attorney General restricted for police training was posted in the Continuing Professional Training Fund as Miscellaneous Revenue rather than Intergovernmental Revenue.
- A \$22,500 OPWC grant receipt was posted as Loan Issuance rather than Intergovernmental Revenue.

**2019 Incorrect postings resulting in financial statement reclassifications:**

- Homestead receipts totaling \$7,436 in the General Fund and \$648 in Special Revenue Fund were improperly recorded as Property and Other Taxes rather than as Intergovernmental Revenue.
- OPWC Loan proceeds of \$167,644 for Hiram Street Improvements was recorded Intergovernmental rather than Loans Issuance account in the OPWC Grant Street Fund.
- Loan proceeds of \$164,087 for a fire pump truck was recorded as Miscellaneous receipts rather than Loans Issuance account in the Capital Improvement Fund. In addition, \$510 issuance cost was reduced from the proceeds reporting at net rather than gross loan proceeds.
- Loan proceeds of \$300,500 for sidewalk improvements was recorded as Special Assessment receipts rather than Loans Issuance account in the Street Improvement Fund.
- Loan proceeds of \$20,810 for a Ford Explorer Interceptor for the Police Department was not posted. Loan Issuance receipt account nor the offset capital outlay expenditure posted the transaction.
- A principal payment for \$1,285 was posted as Interest and Fiscal Charges rather than Principal in the General Fund.

Based on provisions in GASB 54, paragraph 16 and Implementation Guide Z.54.13 assigned balances include year-end general fund balances appropriated in the subsequent year. The Village's 2020 appropriations of \$959,026 within the General Fund were higher than the estimated resources of \$832,015 by \$127,011, therefore the fund amount at year-end balance of \$127,011 should be reported as assigned fund in 2019. The Village's 2019 appropriations of \$949,208 within the General Fund were higher than the estimated resources of \$765,011 by \$184,197, therefore the fund amount at year-end balance of \$184,197 should be reported as assigned fund in 2018.

The unclaimed monies fund was improperly reported as an agency fund. The fund's resources are not purely custodial in nature; therefore, the fund should have been classified as part of the General Fund with the entire fund cash balance being reported as nonspendable.

The financial statements reflect all of the above corrections.

The Fiscal Officer should utilize the Ohio Village' accounting manual and Uniform Accounting Network Accounting (UAN) manual to assist in identifying proper accounts. In addition, the Board should review monthly receipt and disbursement reports to help ensure transactions are properly classified. This may help ensure the Village's financial activity is accurately reported.

Also, the Fiscal Officer should review the subsequent year appropriations and estimated resources to determine if the General Fund appropriations exceed estimated resources. The excess amount should be reported as assigned fund balance within the General Fund's fund balance in accordance with the provisions of GASB 54, paragraph 16 and Implementation Guide Z.54.13.

*Officials' Response:* The Village Officials acknowledges the findings and is working to correct each of the items.

*This page intentionally left blank*

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2018 and DECEMBER 31, 2019**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2017-001	<b>Ohio Rev. Code §5705.41 (B)</b> expenditures exceed appropriations.	No	Not Corrected repeated as 2019-002
2017-002	<b>Ohio Revised Code §5705.39</b> Appropriations limited by Estimated Resources.	No	Not Corrected repeated as 2019-001
2017-003	<b>Ohio Rev. Code §5705.09(D)</b> Establish separate fund segregate externally-restricted resources.	Yes	No Longer Valid
2017-004	Lack of control over posting of estimated resources to the accounting system.	No	Not Corrected repeated as 2019-003
2017-005	GASB 54 Fund Balance Reporting Lack of control over posting Fund Balance Reporting and Governmental Fund Type Definition	No	Not Corrected repeated as 2019-003

**This page intentionally left blank.**



# OHIO AUDITOR OF STATE KEITH FABER



**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  
JUNE 23, 2020**