



**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 -1999**



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

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**STATE OF OHIO**



VILLAGE OF HIRAM  
PORTAGE COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Hiram  
Portage County  
PO Box 65  
Hiram, Ohio 44234-0065

To Village Council:

We have audited the accompanying financial statements of the Village of Hiram, Portage County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than 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 combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of our audit.

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

**Jim Petro**  
Auditor of State

July 26, 2001

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**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$332,119	\$24,006		\$95,685	\$451,810
Intergovernmental Receipts	133,187	28,781			161,968
Charges for Services	86,500	90,357		9,500	186,357
Fines, Licenses, and Permits	32,209	154			32,363
Earnings on Investments	50,711	742			51,453
Miscellaneous	12,455	4,085		25,811	42,351
<b>Total Cash Receipts</b>	<u>647,181</u>	<u>148,125</u>		<u>130,996</u>	<u>926,302</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	450,875	1,542			452,417
Public Health Services		97,077			97,077
Leisure Time Activities	1,578				1,578
Community Environment	3,799				3,799
Basic Utility Services	1,768				1,768
Transportation	90,086	25,061			115,147
General Government	137,580	190			137,770
Debt Service:					
Principal Payments			10,000		10,000
Interest Payments			1,950		1,950
Capital Outlay		21,466		122,676	144,142
<b>Total Disbursements</b>	<u>685,686</u>	<u>145,336</u>	<u>11,950</u>	<u>122,676</u>	<u>965,648</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(38,505)</u>	<u>2,789</u>	<u>(11,950)</u>	<u>8,320</u>	<u>(39,346)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	19	891	11,950	5,000	17,860
Transfers-Out	(60,743)			(6,000)	(66,743)
Other Financing Uses	(3,493)				(3,493)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(64,217)</u>	<u>891</u>	<u>11,950</u>	<u>(1,000)</u>	<u>(52,376)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(102,722)</u>	<u>3,680</u>		<u>7,320</u>	<u>(91,722)</u>
Fund Cash Balances January 1 - Adjusted (See Note 3)	153,503	43,746		527,907	725,156
<b>Fund Cash Balances, December 31</b>	<u><b>\$50,781</b></u>	<u><b>\$47,426</b></u>		<u><b>\$535,227</b></u>	<u><b>\$633,434</b></u>
Reserves for Encumbrances, December 31	<u>\$25,863</u>	<u>\$14,218</u>		<u>\$14,033</u>	<u><b>\$54,114</b></u>

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

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$519,759		\$5,467	\$525,226
Earnings on Investments		\$181	343	524
Miscellaneous	53		2,788	2,841
Total Operating Cash Receipts	<u>519,812</u>	<u>181</u>	<u>8,598</u>	<u>528,591</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	140,166			140,166
Fringe Benefits	34,092			34,092
Contractual Services	64,871			64,871
Supplies and Materials	24,040		3,078	27,118
Capital Outlay	33,351			33,351
Miscellaneous			212	212
Total Operating Cash Disbursements	<u>296,520</u>		<u>3,290</u>	<u>299,810</u>
Operating Income	<u>223,292</u>	<u>181</u>	<u>5,308</u>	<u>228,781</u>
<b>Non-Operating Cash Receipts:</b>				
Proceeds from Notes	<u>1,775</u>			<u>1,775</u>
Total Non-Operating Cash Receipts	<u>1,775</u>			<u>1,775</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service:				
Principal Payments	167,578			167,578
Interest Payments	96,674			96,674
Other Non-Operating Cash Disbursements			4,429	4,429
Total Non-Operating Cash Disbursements	<u>264,252</u>		<u>4,429</u>	<u>268,681</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(39,185)	181	879	(38,125)
Transfers-In	299,519			299,519
Transfers-Out	(250,617)		(19)	(250,636)
Net Receipts Over Disbursements	9,717	181	860	10,758
Fund Cash Balances, January 1	<u>181,786</u>	<u>5,732</u>	<u>9,209</u>	<u>196,727</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$191,503</u></b>	<b><u>\$5,913</u></b>	<b><u>\$10,069</u></b>	<b><u>\$207,485</u></b>
Reserve for Encumbrances, December 31	<u>\$17,563</u>			<u>\$17,563</u>

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

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$365,369	\$21,924		\$107,973	\$495,266
Intergovernmental Receipts	127,640	20,057			147,697
Charges for Services	94,090	84,011		9,500	187,601
Fines, Licenses, and Permits	24,267	1,796			26,063
Earnings on Investments	42,772	629			43,401
Miscellaneous	6,954			45,273	52,227
	<u>661,092</u>	<u>128,417</u>		<u>162,746</u>	<u>952,255</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	398,771	193			398,964
Public Health Services		87,440			87,440
Leisure Time Activities	1,463				1,463
Community Environment	5,861	2,588			8,449
Basic Utility Services	1,951				1,951
Transportation	102,237	25,085			127,322
General Government	117,713	634			118,347
Debt Service:					
Principal Payments			10,000		10,000
Interest Payments			2,437		2,437
Capital Outlay	8,000	17,402		168,792	194,194
	<u>635,996</u>	<u>133,342</u>	<u>12,437</u>	<u>168,792</u>	<u>950,567</u>
Total Disbursements					
Total Receipts Over/(Under) Disbursements	<u>25,096</u>	<u>(4,925)</u>	<u>(12,437)</u>	<u>(6,046)</u>	<u>1,688</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		3,620	12,437	5,000	21,057
Transfers-Out	(55,613)	(2,951)		(18,000)	(76,564)
Other Financing Uses	(12,564)				(12,564)
	<u>(68,177)</u>	<u>669</u>	<u>12,437</u>	<u>(13,000)</u>	<u>(68,071)</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(43,081)</u>	<u>(4,256)</u>		<u>(19,046)</u>	<u>(66,383)</u>
Fund Cash Balances January 1 - Adjusted (See Note 3)	196,249	48,002		546,953	791,204
<b>Fund Cash Balances, December 31</b>	<u><b>\$153,168</b></u>	<u><b>\$43,746</b></u>		<u><b>\$527,907</b></u>	<u><b>\$724,821</b></u>
Reserves for Encumbrances, December 31	<u>\$19,944</u>	<u>\$4,802</u>		<u>\$19,879</u>	<u><b>\$44,625</b></u>

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

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$548,199		\$1,691	\$549,890
Earnings on Investments		\$199	477	676
Contributions and Donations			250	250
Miscellaneous	733		9,372	10,105
Total Operating Cash Receipts	<u>548,932</u>	<u>199</u>	<u>11,790</u>	<u>560,921</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	131,000			131,000
Fringe Benefits	37,740			37,740
Contractual Services	80,930			80,930
Supplies and Materials	36,199		12,202	48,401
Capital Outlay	127,166		3,721	130,887
Total Operating Cash Disbursements	<u>413,035</u>		<u>15,923</u>	<u>428,958</u>
Operating Income/(Loss)	<u>135,897</u>	<u>199</u>	<u>(4,133)</u>	<u>131,963</u>
<b>Non-Operating Cash Receipts:</b>				
Intergovernmental Revenue	29,028			29,028
Sale of Fixed Assets	103			103
Proceeds from Notes	80,675			80,675
Total Non-Operating Cash Receipts	<u>109,806</u>			<u>109,806</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service:				
Principal Payments	156,516			156,516
Interest Payments	99,476			99,476
Other Non-Operating Cash Disbursements			1,764	1,764
Total Non-Operating Cash Disbursements	<u>255,992</u>		<u>1,764</u>	<u>257,756</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(10,289)	199	(5,897)	(15,987)
Transfers-In	298,903			298,903
Transfers-Out	(243,396)			(243,396)
Net Receipts Over/(Under) Disbursements	45,218	199	(5,897)	39,520
Fund Cash Balances, January 1	<u>136,568</u>	<u>5,533</u>	<u>15,106</u>	<u>157,207</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$181,786</u></b>	<b><u>\$5,732</u></b>	<b><u>\$9,209</u></b>	<b><u>\$196,727</u></b>
Reserve for Encumbrances, December 31	<u>\$13,193</u>		<u>\$88</u>	<u>\$13,281</u>

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

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Hiram, Portage County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police and fire services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by State Treasurer.

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

*Ambulance Fund* - This fund receives money from ambulance run fees charged to non-residents of the Village of Hiram.

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

*Water Bond Retirement Fund* - This fund receives money to retire debt regarding improvements to the Village's waterworks system.

**4. Capital Project Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

*Capital Improvements Fund* - This fund receives proceeds from income tax collections to be used for vehicle, equipment and paving improvements.

**5. Enterprise Funds**

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

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Water Pollution Control Loan Fund* - This fund receives sewer revenue and income tax money to retire the sewer plant debt.

**6. Fiduciary Funds (Trust and Agency Funds)**

Trust Funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund.

*Township Emergency Medical Services Fund* - This fund receives money from ambulance run fees charged to non-residents of Hiram Township.

**E. Budgetary Process**

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

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**1. Appropriations**

For fiscal year 2000, budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control within each fund, except the general fund which is at the fund, function level of control; and, appropriations may not exceed estimated resources. In fiscal year 1999, the level of control for appropriations was at the fund, function, department, object level for all funds. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2000 and 1999 budgetary activity appears in Note 4.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

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

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

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 186,638	\$ 184,114
STAR Ohio	<u>654,281</u>	<u>737,434</u>
Total deposits and investments	<u>\$ 840,919</u>	<u>\$ 921,548</u>

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. FUND BALANCE ADJUSTMENTS**

In 1999, the beginning fund balance of the Street Construction Maintenance and Repair Fund was increased by \$7,212 and the State Highway Fund was decreased by \$592. The net effect of these adjustments increased the beginning Special Revenue Fund by \$6,620 from \$41,382 to \$48,002.

In 2000, the beginning General Fund balance was increased by \$335 from \$153,168 to \$153,503.

Both of the year's adjustments were made to correct data entry errors made by the Clerk-Treasurer when implementing the new UAN Village software.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 643,688	\$ 647,200	\$ 3,512
Special Revenue	151,610	149,016	(2,594)
Debt Service	11,950	11,950	0
Capital Projects	135,300	135,996	696
Enterprise	820,692	821,106	414
Fiduciary	8,747	8,779	32
Total	\$ 1,771,987	\$ 1,774,047	\$ 2,060

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 775,578	\$ 775,785	\$ (207)
Special Revenue	183,478	159,554	23,924
Debt Service	11,950	11,950	0
Capital Projects	145,447	142,709	2,738
Enterprise	867,065	828,952	38,113
Fiduciary	16,955	7,738	9,217
Total	\$ 2,000,473	\$ 1,926,688	\$ 73,785

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 631,184	\$ 661,092	\$ 29,908
Special Revenue	114,698	132,037	17,339
Debt Service	12,437	12,437	0
Capital Projects	152,500	167,746	15,246
Enterprise	922,136	957,641	35,505
Fiduciary	11,697	11,989	292
Total	\$ 1,844,652	\$ 1,942,942	\$ 98,290

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 774,527	\$ 724,117	\$ 50,410
Special Revenue	153,828	141,095	12,733
Debt Service	12,438	12,437	1
Capital Projects	210,118	206,671	3,447
Enterprise	947,741	925,616	22,125
Fiduciary	26,392	17,775	8,617
Total	\$ 2,125,044	\$ 2,027,711	\$ 97,333

**5. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Village.

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

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

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$ 2,517,730	2.00-7.77%
Ohio Public Works Commission Loan	356,002	0.00%
Waterworks System Improvement Bond	<u>30,000</u>	4.875%
Total	<u>\$ 2,903,732</u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project. The OWDA has approved up to \$3,445,260 in loans to the Village for this project. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loans are collateralized by water and sewer utility receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental protection Agency. The OPWC has approved up to \$493,700 in loans to the Village for this project. The loans will be repaid in annual installments. Property and revenue of the utility facilities have been pledged to repay these costs.

The Waterworks System Improvement Bond relate to improving the Village's waterworks system by constructing a water storage tank. The original amount was \$100,000 and will be repaid in annual installments of \$10,000 plus interest. Property and revenue of the utility facilities have been pledged to repay these costs.

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

<u>Year ending December 31:</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>Waterworks System Improvement Bond</u>
2001	\$ 233,593	\$ 28,885	\$ 11,463
2002	233,593	28,885	10,975
2003	233,593	28,885	10,488
2004	233,593	28,885	
2005	233,593	20,485	
Subsequent	<u>2,056,131</u>	<u>219,977</u>	
Total	<u>\$ 3,224,096</u>	<u>\$ 356,002</u>	<u>\$ 32,926</u>

**7. LEASE/PURCHASE OBLIGATIONS**

As of December 31, 2000, the Village has three (3) lease/purchase obligations for the following:

	<u>Lessor</u>	<u>Principal</u>	<u>Interest Rate</u>
Ambulance	Fifth Third Bank	\$ 60,640	5.75%
Backhoe	Municipal Services Group, Inc.	24,950	5.97%
Fire Truck	Becker Fire Equipment Company	115,586	5.47%
	Total	<u>\$ 201,176</u>	

**VILLAGE OF HIRAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. LEASE/PURCHASE OBLIGATIONS (Continued)**

The amortization of the above lease/purchase obligations, including interest of \$24,090, is scheduled as follows:

<u>Year-Ending December 31</u>	<u>Amount</u>
2001	\$ 73,823
2002	73,823
2003	60,219
2004	<u>17,401</u>
Total	<u>\$ 225,266</u>

**8. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. For 2000 the employee pension contribution rate for the Village was 10.84%, and 13.55% for 1999. The Village has paid all contributions required through December 31, 2000.

**9. RISK MANAGEMENT**

The Village is a member of the Ohio Government Risk Management Plan. The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- Comprehensive property and general liability
- General liability and casualty
- Public officials' liability
- Vehicle

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

**10. CONTINGENT LIABILITIES**

The Village is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Hiram  
Portage County  
11617 Garfield Road  
Hiram, Ohio 44234-0065

To Village Council:

We have audited the accompanying financial statements of the Village of Hiram, Portage County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 26, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated July 26, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 26, 2001.

Village of Hiram  
Portage County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 26, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
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800-282-0370  
Facsimile 614-466-4490

**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  
OCTOBER 2, 2001**