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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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*VILLAGE OF HIRAM*

*A & A*  
*PORTAGE COUNTY*  
*AGREED – UPON PROCEDURES*

FOR THE YEARS ENDED

December 31, 2015 - 2014

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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Hiram, Portage County, prepared by Alger & Associates, Inc., for the period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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

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

Dave Yost  
Auditor of State

June 20, 2016





# **ALGER & ASSOCIATES, Inc.**

**Certified Public Accountants**

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Hiram Village (the Village) and the Auditor of State have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2015 and 2014, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### **Cash and Investments**

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2013 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2014 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Cash Summary by Fund Report. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2015 and December 31, 2014 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014. We also selected five receipts from the County Auditor's DTLs from 2015 and five from 2014.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Income Tax Receipts**

1. We obtained the December 31, 2015 and 2014 Total Distributions reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Receipt Register Report. The amounts agreed with only one exception in 2015 to the RITA report. The Monthly Distribution Summary report noted a collection for Advanced Retainer Fee of \$1,018, however the Village receipt and Receipt Ledger reported a check for \$711, which is a \$307 difference.

2. We selected five income tax returns filed during 2014. RITA was contracted for the administration and collection of income tax began on July 1, 2014.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the pay-in order. The amounts agreed.
  - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
3. We determined whether the receipts were recorded in the year received. We found no exceptions.
4. We selected five income tax refunds from 2014.
  - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We noted each of the refunds were approved by the Fiscal Officer.
  - c. We noted the refunds were paid from the General Fund as is required.

### Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2015 and 10 over-the-counter cash receipts from the year ended 2014 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

### Water and Sewer Fund

We confirmed the amounts reported on the Monthly Utility Activity report from Tyler Technologies that performs the Village's water and sewer billings and collections, to the Village's Receipt ledger during 2015 and 2014.

- a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
- b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### Debt

1. From the prior audit documentation, we noted the following leases and loans outstanding as of December 31, 2013. These amounts agreed to the Villages January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
OWDA Loan	\$477,966
OPWC Cap Project Loan	\$62,598
Middlefield Bank Loans	\$186,927

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of leases and loan debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to General, Ambulance/Emergency Medical Services, Water, Sewer and Capital Improvements Funds payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Special Revenue fund per the Revenue Receipt Register Report. The 2015 loan proceeds were not posted in the Village's accounting system.
5. For new debt issued during 2015, we inspected the debt legislation, noting the Village must use the proceeds to purchase a police cruiser. We scanned the Payment Register Detail Report and noted the Village used the proceeds for the purchase of a Ford Explorer Interceptor truck in May of 2015.

#### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2015. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2016	December 30, 2015	\$5,281.61	\$5,281.61
State income taxes	January 15, 2016	December 30, 2015	\$2,037.56	\$2,037.56
Local income taxes	January 15, 2016	December 30, 2015	\$1,958.89	\$1,958.89
OPERS retirement	January 30, 2016	January 20, 2016	\$9,357.74	\$9,357.74
OP&F retirement	January 31, 2016	January 20, 2016	\$2,093.46	\$2,093.46

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Wage Detail Report:
  - a. Accumulated leave records
  - b. The employee's pay rate in effect as of the termination date
  - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

### **Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2015 and ten from the year ended 2014 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

## Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Construction Maintenance & Repair and Ambulance/Emergency Medical Services funds for the years ended December 31, 2015 and 2014. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General & Ambulance/Emergency Medical Services Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$764,938 and \$186,400 for the Ambulance/Emergency Medical Services Fund for 2014. However, the final *Amended Official Certificate of Estimated Resources* reflected \$766,271 for the General Fund and \$186,770 for the Ambulance/Emergency Medical Services Fund, respectfully. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Street Construction Maintenance & Repair and Ambulance/Emergency Medical Services funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2015 and 2014 for the General, Street Construction Maintenance & Repair and Ambulance/Emergency Medical Services funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report for 2014. However, the final amended appropriation for 2015 General Fund reflected \$887,248 and \$185,055 for the Ambulance/Emergency Medical Services fund compared to the Appropriation Status Report the General Fund reported \$257,319 and the Ambulance/Emergency Medical Services fund reported \$70,000.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Construction Maintenance & Repair and Ambulance/Emergency Medical Services funds for the years ended December 31, 2015 and 2014. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2015 and 2014 for the General, Street Construction Maintenance & Repair and Ambulance/Emergency Medical Services funds, as recorded in the Appropriation Status Report. We noted that General Fund and the Ambulance/Emergency Medical Services fund expenditures for 2015 exceeded total appropriations by \$130,481 and \$57,098 respectively, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Council approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2015 and 2014 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2015 and 2014 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2015 and 2014 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance the Auditor of State, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

Alger &  
Associates, Inc.

A red, stylized signature mark resembling a cursive 'A' or a similar symbol, positioned to the right of the company name.

Digitally signed by Alger &  
Associates, Inc.  
DN: cn=Alger & Associates, Inc.,  
o=Alger & Associates, Inc., ou,  
email=galger53@att.net, c=US  
Date: 2016.06.16 08:04:24 -0400

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio  
June 14, 2016



# Dave Yost • Auditor of State

**VILLAGE OF HIRAM**

**PORTAGE COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 5, 2016**