
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

VILLAGE OF HIRAM

PORTAGE COUNTY

REGULAR AUDIT

A&A

For the Year Ended

December 31, 2021

6927 Burgundy Ave NW
North Canton, OH 44720
Phone (330) 353-5851
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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Hiram
P.O. Box 65
Hiram, Ohio 44234

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, 2020 through December 31, 2021. 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

September 06, 2022

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VILLAGE OF HIRAM
PORTAGE COUNTY

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council and the Mayor:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Hiram, Portage County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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,
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Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

June 30, 2022

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Village of Hiram, Ohio
Portage County
Combined Statement of Receipts, Disbursements and Changes in Fund
Balances - (Regulatory Cash Basis) All Governmental Fund Types
For the Year Ended December 31, 2021

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$60,572	\$57,640		\$118,212
Municipal Income Taxes	526,659	92,381		619,040
Intergovernmental	74,366	89,682		164,048
Charges for Services	42,825	371,643	\$16,000	430,468
Fines, Licenses and Permits	30,905	1,139		32,044
Earnings on Investments	2,332	950		3,282
Miscellaneous	11,323	9,947		21,270
<i>Total Cash Receipts</i>	<u>748,982</u>	<u>623,382</u>	<u>16,000</u>	<u>1,388,364</u>
Cash Disbursements				
Current:				
Security of Persons and Property	332,830	201,937		534,767
Public Health Services		250,828		250,828
Leisure Time Activities	10,015	3,600		13,615
Community Environment	4,800			4,800
Basic Utility Services	1,450	3,000		4,450
Transportation	116,247	43,794		160,041
General Government	296,539	16,833		313,372
Debt Service:				
Redemption of Principal	3,607	35,574	43,151	82,332
Interest and Other Fiscal Charges	130	12,006	2,630	14,766
<i>Total Cash Disbursements</i>	<u>765,618</u>	<u>567,572</u>	<u>45,781</u>	<u>1,378,971</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,636)</u>	<u>55,810</u>	<u>(29,781)</u>	<u>9,393</u>
Other Financing Receipts (Disbursements)				
Transfers In		81,079	39,456	120,535
Transfers Out	(120,535)			(120,535)
Advance In	57,588	1,200		58,788
Advance Out	(1,200)	(43,406)	(14,182)	(58,788)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(64,147)</u>	<u>38,873</u>	<u>25,274</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(80,783)</u>	<u>94,683</u>	<u>(4,507)</u>	<u>9,393</u>
<i>Fund Cash Balances , January 1</i> <i>Restated (see Note 3)</i>	<u>292,320</u>	<u>655,512</u>	<u>104,990</u>	<u>1,052,822</u>
<i>Fund Cash Balances , December 31</i>	<u><u>\$211,537</u></u>	<u><u>\$750,195</u></u>	<u><u>\$100,483</u></u>	<u><u>\$1,062,215</u></u>

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

Village of Hiram, Ohio
Portage County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$487,615
<i>Total Operating Cash Receipts</i>	487,615
Operating Cash Disbursements	
Personal Services	177,455
Employee Fringe Benefits	60,522
Contractual Services	268,589
Supplies and Materials	104,755
Other	148
<i>Total Operating Cash Disbursements</i>	611,469
<i>Operating Income (Loss)</i>	(123,854)
Non-Operating Receipts (Disbursements)	
Loan Proceeds	178,191
Intergovernmental Receipts	646,900
Special Assessments	4,000
Earnings on Investments	530
Miscellaneous Receipts	50
Capital Outlay	(691,728)
Principal Retirement	(26,439)
Interest and Other Fiscal Charges	(820)
Debt Issuance Cost	(182)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	110,502
<i>Net Change in Fund Cash Balances</i>	(13,352)
<i>Fund Cash Balances, January 1</i>	816,968
<i>Fund Cash Balances, December 31</i>	\$803,616

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

Village of Hiram , Ohio
Portage County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	Fiduciary Fund Type
	Custodial
Additions	
Gifts and Donations (trust funds only)	\$5,433
Intergovernmental	23,783
<i>Total Additions</i>	29,216
Deductions	
Distributions as Fiscal Agent	25,931
<i>Total Deductions</i>	25,931
<i>Net Change in Fund Balances</i>	3,285
<i>Fund Cash Balances, January 1</i>	7,376
<i>Fund Cash Balances, December 31</i>	\$10,661

See accompanying notes to the basic financial statements

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Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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.

Fire Department Operations Fund – This newly created fund accounts for and reports money received from the collection of Fire levy funds from both the Hiram Township and 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:

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, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the Hiram Beautification Commission Fund.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 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 2021 budgetary activity appears in Note 4.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 – Prior Period Adjustment

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total</u>
Fund Cash Balance				
December 31, 2020	\$292,320	\$654,892	\$104,990	\$1,052,202
Voided Prior Year Warrants	-	\$620	-	\$620
Adjusted Fund Cash Balance				
December 31, 2020	<u>\$292,320</u>	<u>\$655,512</u>	<u>\$104,990</u>	<u>\$1,052,822</u>

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

<u>2021 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$695,783	\$748,982	\$53,199
Special Revenue	634,592	704,461	69,869
Capital Projects	42,000	55,456	13,456
Enterprise	2,200,700	1,317,286	(883,414)
Fiduciary	26,784	29,216	2,432
Total	<u>\$3,599,859</u>	<u>\$2,855,401</u>	<u>(\$744,458)</u>

<u>2021 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$951,187	\$903,942	\$47,245
Special Revenue	829,002	574,357	254,645
Capital Projects	46,537	45,781	756
Enterprise	2,292,833	1,615,728	677,105
Fiduciary	26,284	25,931	353
Total	<u>\$4,145,843</u>	<u>\$3,165,739</u>	<u>\$980,104</u>

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity *(continued)*

Contrary to Ohio law §5705.41(B) budgetary expenditures exceeded appropriations in four Special Revenue Funds, two in Capital Project fund and two in the Enterprise Fund at year end December 31, 2021.

Contrary to Ohio law §5705.39 appropriations exceeded estimated resources available (*estimated receipts plus unencumbered balances*) in eight of the Special Revenue funds at year end December 31, 2021.

Contrary to Ohio law §5705.36(A) (3) an amended certificate of estimated resources was not obtained for OPWC - Garfield Rd Water Main Replacement and OWDA - Water Meter Replacement & AMR System projects.

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2021</u>
Demand deposits	\$216,815
Money Market Investment Account	<u>1,659,677</u>
Total deposits and investments	<u><u>\$1,876,492</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the village has no unremitted employee payroll withholdings.

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 invests 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.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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 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

Advances

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

In December of 2021, the General Fund advanced \$1,200 to the State EMS Grant fund (2062) to provide for working capital for special equipment or projects. The State EMS Grant fund will repay the Village once the reimbursable grant is received from the State of Ohio. This advance remains outstanding as of December 31, 2021.

Note 8 – Risk Management

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the “Pool”), an unincorporated nonprofit 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, 2021

Note 8 – Risk Management *(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, 2021, retention levels are \$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, 2021.

Assets	\$ 824,661
Liabilities	(554,038)
Accumulated Surplus	\$ 270,623

Public Entity Self Insurance Risk Pool

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

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Risk Management *(continued)*

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 workweek 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.

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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 Sedgewick MCO, the plan administrator.

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Defined Benefit Pension Plans *(continued)*

Social Security

Other Village 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, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 11 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$110,370	2.00%
Ohio Public Works Commission-Street Imp. Loan	151,927	0.00%
OPWC-Garfield Rd Water Main Replacement	81,670	0.00%
Middlefield Bank Loan-Sidewalk Replacement Project	274,140	3.50%
Middlefield Bank Loan-2017 Rescue Squad	44,045	3.00%
Middlefield Bank Loan-2017 Str. Dump Truck	10,618	3.00%
Middlefield Bank Loan-2019 PD Cruiser	3,688	3.00%
Middlefield Bank Loan-2019 Mini Pump Fire Truck	21,896	3.56%
Total	<u>\$698,354</u>	

The Ohio Water Development Authority (OWDA) loans relate to sewer system expansion projects that were mandated by the Ohio Environmental Protection Agency. There is one loan outstanding from the OWDA for sewer projects. There is a balance as of December 31, 2021 of \$469, which will be repaid in semiannual installments of principal and interest. Loan #3499 will be completely paid in 2022. This loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Debt *(continued)*

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, 2021 of \$13,378, 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 Water Development Authority (OWDA) Loan #9211 relate to the instantiation of 273 water meters throughout the Village and an automated meter reading system to replace the current meters, which have exceeded their useful life. The project is not complete and therefore, no amortization schedule is available. There is a balance as of December 31, 2021 of \$96,521, which will be repaid in semiannual installments of principal and interest payments. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) Loan #CG32V is for work on various street improvements and reconstruction. There is a balance as of December 31, 2021 of \$151,927, which will be repaid in semiannual installments of principal only, no interest, with payments began in 2020. The life of the loan is 16 years.

The Ohio Public Works Commission (OPWC) Loan # CT37X is for work on Garfield Rd Water Main Replacement. There is a balance as of December 31, 2021 of \$81,670, which will be repaid in semiannual installments of principal only, no interest, with payments to being July 1, 2022. The life of the loan is 30 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. There is a balance as of December 31, 2021 of \$274,140, which will be repaid in semiannual installments of principal and interest. 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, 2021 of \$44,044, 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, 2021 of \$10,618, 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, 2021 of \$3,688, 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.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Debt *(continued)*

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, 2021 of \$21,896, which will be repaid in quarterly installments of principal and interest. The loan through the Middlefield Banking Co. will be repaid by May of 2023.

Leases

The Village leases copier equipment as needed under non-cancelable leases. The Village disbursed \$3,264 to pay lease costs for the year ended December 31, 2021.

Amortization

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

Year Ending December 31:	OWDA Loan	OPWC Loan #CG31V	OPWC Loan #CT37X	Middlefield Bank Loan Sidewalks
2022	\$12,220	\$10,478	\$1,361	\$22,031
2023	1,821	10,478	2,722	22,031
2024		10,478	2,722	22,031
2025		10,478	2,722	22,031
2026		10,478	2,722	22,031
2027-2031		52,389	13,610	110,155
2032-2036		47,148	13,610	110,155
2037-2041			13,610	55,037
2042-2046			13,610	
2047-2051			13,610	
2052			1,371	
Total	<u>\$14,041</u>	<u>\$151,927</u>	<u>\$81,670</u>	<u>\$385,502</u>

Year Ending December 31:	Middlefield Bank Loan Rescue Squad	Middlefield Bank Loan Dump Truck	Middlefield Bank Loan PD Cruiser	Middlefield Bank Loan Mini Pumper
2022	\$15,413	\$10,765	\$3,737	\$26,479
2023	15,413			
2024	15,413			
Total	<u>\$ 46,239</u>	<u>\$ 10,765</u>	<u>\$ 3,737</u>	<u>\$ 26,479</u>

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Construction and Contractual Commitments

Garfield Road Water Main Replacement Project – In 2020, an application was submitted to the Ohio Public Works Commission for an 80% grant/20% loan to replace the water main along Garfield Road. The project was awarded in the amount of \$475,000 and a bid awarded in March of 2021. This project was completed, under budget in 2021, with little to no loan repayment to be made by the Village. The final loan amount due by the Village has not yet been determined by OPWC.

Water Meter & AMR Replacement Systems Project – in 2020, an application was submitted to the Ohio Public Works Commission for a 50% grant and to the Ohio Water Development Authority for a 50% loan to replace all the existing antiquated water meters with new meters & an AMR System for remote electronic reads throughout the Village. The project was awarded in the amount of \$400,000 and a bid was awarded in March of 2021. This project has not been completed as of December 31, 2021. Once complete, the Village is estimating a semi-annual debt payment of \$6,600 beginning July 1, 2022. The OWDA loan is a maximum of \$233,501.00 for 20 years at an interest rate of 1.18%. The Village plans to charge a \$5.00 equipment maintenance fee on all water/sewer bills to share the costs of the project.

Water Tank (Tower) Replacement Project – In 2019, an application was submitted to the Ohio Public Works Commission for a 50% grant/50% loan to replace the Village’s aging water tower. The project was awarded in the amount of \$850,000, however, due to COVID-19 and the costs of materials and labor rising dramatically, the only bid received was over the 20% allowed and rejected. The Village has purchased the property for the water tank and completed the initial engineering for the project. The Village is currently making application for additional funding to complete the project. The OPWC loan of \$425,000 is for a 30-year term at 0% interest. The annual debt payment is estimated at \$14,167.

Note 13 – Contingent Liabilities

The Village was not part of any lawsuits in 2021.

Note 14 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$280			\$280
Outstanding Encumbrance	17,789	6,785	0	24,574
<i>Total</i>	<u>\$18,069</u>	<u>\$6,785</u>	<u>\$0</u>	<u>\$24,854</u>

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Fund Balances *(continued)*

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated

As of December 31, 2021, the Village of Hiram had expended all of the COVID-19 CARES Act Funds received. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund (2151) on the accompanying financial statements.

During 2021, the Village of Hiram received COVID-19 ARPA funding. These amounts are reflected as general government revenues and expenditures in the American Rescue Plan Act Fund (2152) on the accompanying financial statements.



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
P.O. Box 65
Hiram, Ohio 44234-0065

To the Members of Council and the Mayor:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements of the Village of Hiram, Portage County, (the Village) and have issued our report thereon dated June 30, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. Furthermore, we noted as described in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001 through 2021-003 to be material weaknesses.

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North Canton, OH 44720
Phone - 330-353-5851
FAX - 330-768-7574

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. We consider the deficiencies described in the accompanying schedule of findings as items 2021-004 and 2021-005 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Government's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001 and 2021-004.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying schedule of findings, The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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: 2022.07.20 09:42:04 -04'00'

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

June 30, 2022

Village of Hiram, Ohio
Portage County

Schedule of Findings
December 31, 2021

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

FINDING NUMBER 2021-001

Noncompliance/Material Weakness – On-Behalf Payments

Auditor of State Bulletins 2000-008 and 2002-004 provide guidance for local governments participating in on-behalf programs with other governments as to the application of Statement No. 24 of the *Governmental Accounting Standards Board*. In general, when a local government enters into an on-behalf program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf disbursements are made.

There are also several budgetary compliance requirements associated with the recording of such program receipts and disbursements:

- Ohio Revised Code Section 5705.09(F) requires the establishment of such special funds in which the legislative authority to approve, by resolution, the grant/loan or program application and must establish any fund(s) necessary to meet the grant/loan or project objectives.
- Once the loan is awarded or the application is approved, the fiscal officer must obtain an official certificate of estimated resources or an amended certificate of estimated resources for all or part of the loan project, based on the expected cash disbursements to be made on the local government's behalf in the current fiscal year in accordance with Ohio Revised Code Section 5705.36(A)(3).
- Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless they have been properly appropriated; therefore, appropriations should be recorded in accordance with the terms and conditions of the loan or project agreement. Ohio Revised Code Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure prior to recording the appropriations.

The Village was the beneficiary of the Ohio Public Works Commission (OPWC) monies for the Garfield Road Water Main Replacement and Ohio Water Development Authority (OWDA) for the Water Meter Replacement & AMR System Project that were paid directly to the vendors in the amount of \$81,670 and \$96,521, respectively during 2021. The Village did not record the receipts and expenditure transactions relating to the OPWC and OWDA on-behalf payments resulting in the understatement of loans proceeds receipts and capital outlay expenditures in the Enterprise Fund. These adjustments were made to the Village's financial statements and related notes for the year end ended December 31, 2021, in relation to these on-behalf payments.

In addition, the Village did not amend their estimated resources and appropriations to properly budget for the loan receipts and expenditures. Ohio Revised Code Section 5705.41(B) budgetary violation for expenditures exceeding appropriations were noted due to the two loans by \$178,191 in the Enterprise Fund.

In general, when approved for funding by a State or Federal agency, the Village should follow the reporting requirements summarized by Auditor of State Bulletins 2000-008 and 2002-004, as well as applicable budgetary requirements of certifying the available resources to the County Budget Commission and amend appropriations to account for the expected loans or project receipts and expenditures.

Village of Hiram, Ohio
Portage County

Schedule of Findings
December 31, 2021

FINDING NUMBER 2021-001 *(continued)*

Noncompliance Citation/Material Weakness – On-Behalf Payments *(continued)*

We recommend the Village consult with their engineer or other personnel to obtain the required supporting documentation and review the Village Officer’s Handbook, to help ensure accurate financial reporting. The Village should review the Auditor of State Bulletins 2000-008 and 2002-004, as well as applicable budgetary requirements of certifying the available resources to the County Budget Commission and amend appropriations to account for the expected loans or project receipts and expenditures. We also recommend the Village consider establishing a policy/procedure for reviewing the State or Federal agency correspondence/documentation related to ongoing projects in which on-behalf type payment activity would be occurring (i.e., the OPWC and OWDA website – Disbursement History Reports).

The Fiscal Officer should utilize the Ohio Village’ accounting manual and Uniform Accounting Network Accounting (UAN) manual to assist in identifying proper accounts and funds. 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.

FINDING NUMBER 2021-002

Noncompliance/Material Weakness - Appropriations Limited By Estimated Revenue

Ohio Revised Code §5705.39, states that total appropriations from each fund shall not exceed the total estimated resources. An appropriation measure is not effective until the County Auditor certifies that appropriations from each fund do not exceed the total official estimate approved by the County Budget Commission. As of December 31, 2021, the following funds had appropriations in excess of estimated resources.

Fund	Amended Certificate of Estimated Resources	Appropriations per Resolutions	Excess
Special Revenue			
Street Infrastructure/Equipment	\$64,435	\$105,310	\$40,875
State EMS Grant	(\$3,127)	\$1,200	\$4,327
Drug Law Enforcement	\$10,595	\$13,400	\$2,805
Coronavirus Relief	\$12,577	\$13,885	\$1,308
American Rescue Plan Act	\$0	\$60,703	\$60,703
Hiram Com Trust Grants	\$3,298	\$6,600	\$3,302
Land & Water Conservation	(\$31,086)	\$0	\$31,086
Nature Works Grant	(\$2,462)	\$0	\$2,462

This situation may lead to disbursements within said funds exceeding the actual revenue available and negative cash balances.

Management should monitor the budgetary cycle throughout the year to ensure appropriations do not exceed the amounts on the certificate of estimated resources and any amendments thereto and actual revenue received.

Village of Hiram, Ohio
Portage County

Schedule of Findings
December 31, 2021

FINDING NUMBER 2021-003

Noncompliance/Material Weakness – Expenditures exceeding Appropriations Revenue

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, 2021.

Fund	Appropriations Authority	Budgetary Expenditures	Excess
Special Revenue Funds:			
Body Armor Grant	\$1,867	\$7,325	(\$5,458)
State EMS	\$1,200	\$4,327	(\$3,127)
Land & Water Conservation	\$0	\$31,086	(\$31,086)
Natural Works Grant	\$0	\$2,462	(\$2,462)
Capital Projects			
Sidewalk on SR Grant Proj	\$0	\$5,000	(\$5,000)
Hike & Bike Trail Grant	\$0	\$9,182	(\$9,182)

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 2021-004

Noncompliance Citation/Significant Deficiency - Financial Reporting and Fund Type Classification

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

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

The following financial statement reclassifications were identified and reclassified:

- The Fiscal Officer improperly posted an OPWC principal payment on the OPWC Street Improvements Loan within the Special Revenue - Street Infrastructure Equipment Fund in the amount of \$10,478, to interest and fiscal charges expenditure account rather than principal retirement expenditure account.
- The Fiscal Officer improperly posted principal of \$541, within the Capital Improvement Fund to interest and fiscal charges expenditure account rather than the principal retirement expenditure account.

Village of Hiram, Ohio
Portage County

Schedule of Findings
December 31, 2021

FINDING NUMBER 2021-004 *(continued)*

Noncompliance Citation/Significant Deficiency - Financial Reporting and Fund Type Classification
(continued)

The unclaimed monies fund was improperly reported as a custodial 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 Fiscal Officer should utilize the Ohio Village Handbook 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.

The Village should review GASB 54 and Auditor of State Bulletin 2011-004 for proper classification of fund balances and fund types on the year-end financial statements. Additionally, the Village should monitor its financial reporting to ensure proper processes and procedures are in place.

FINDING NUMBER 2021-005

Significant Deficiency - Footnotes to the Financial Statements

Footnotes to the financial statements are an integral part to the financial statements and are the responsibility of management for the preparation and fair presentation. On review of the footnotes accompanying the financial statements submitted to the Hinkle system there were two new significant footnotes missing. All applicable corrections were made.

The Village's footnotes submitted to the Hinkle system lacked the Fund Balance footnote and the Changes in Accounting Principles footnote.

The accompanying financial statements' footnotes have been adjusted for these errors. It is possible that the lack of a final financial statement and footnotes review prior to filing may have contributed to these errors not being detected. Financial reporting errors impact the users' understanding of the financial statements and the ability of Council and management to make sound financial decisions.

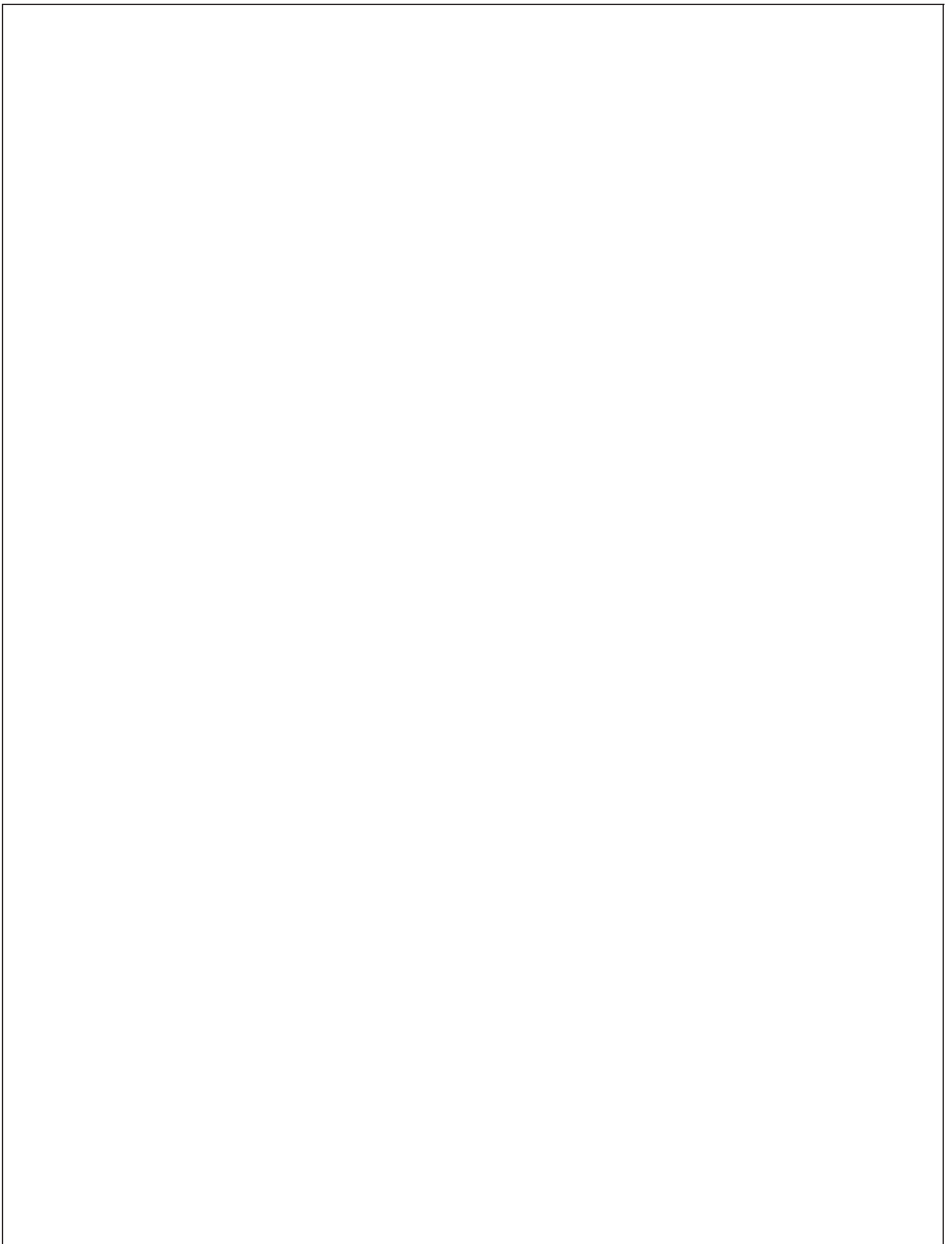
Prior to filing, the annual financial statements, the Fiscal Officer should update and review all the footnotes before submitting to the Hinkle system, and accounting records should be reviewed for errors and omissions. The current and updated footnotes are found on the Auditor of State's website at <https://ohioauditor.gov/references.html>.

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

Village of Hiram
Portage County

Schedule of Prior Audit Findings
December 31, 2021

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2020-001	Ohio Revised Code §5705.39 Appropriations limited by Estimated Resources.	No	Not Corrected repeated as 2021-002
2020-002	Ohio Admin Code 117-2-02(A)/Material Weakness Financial Reporting and Fund Type Classification.	No	Not Corrected repeated as 2021-004
2020-003	Significant Deficiency Footnotes to the Financial Statements.	No	Not Corrected repeated as 2021-005



ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

VILLAGE OF HIRAM

PORTAGE COUNTY

REGULAR AUDIT

A&A

For the Year Ended

December 31, 2020

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

VILLAGE OF HIRAM
PORTAGE COUNTY

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council and the Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes of the Village of Hiram, Portage County, Ohio (the Village)

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(C) 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(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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(C) 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, 2020, and the respective changes in financial position thereof for the year 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Hiram, Portage County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.


Emphasis of Matter

As discussed in Note 14 to the financial statements, during 2020, the Village of Hiram made changes to its reporting model. We did not modify our opinion regarding this matter.

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, 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=ksalger46@att.net, c=US
Date: 2022.07.20 09:37:31 -04'00'

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

June 30, 2022

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Village of Hiram, Ohio
Portage County
*Combined Statement of Receipts, Disbursements and Changes in Fund
Balances - (Regulatory Cash Basis) All Governmental Fund Types
For the Year Ended December 31, 2020*

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$67,243	\$54,083		\$121,326
Municipal Income Taxes	520,806	41,859		562,665
Intergovernmental	66,655	170,333		236,988
Charges for Services	168,490	233,539	\$16,000	418,029
Fines, Licenses and Permits	27,295	250		27,545
Earnings on Investments	8,518	1,297		9,815
Miscellaneous	88,547	5,283	90,000	183,830
<i>Total Cash Receipts</i>	<u>947,554</u>	<u>506,644</u>	<u>106,000</u>	<u>1,560,198</u>
Cash Disbursements				
Current:				
Security of Persons and Property	458,465	68,945		527,410
Public Health Services	-	262,322		262,322
Leisure Time Activities	4,714	2,400		7,114
Community Environment	5,205	1,111		6,316
Basic Utility Services	2,906	3,432		6,338
Transportation	145,988	31,585		177,573
General Government	280,862	17,464		298,326
Capital Outlay			6,886	6,886
Debt Service:				
Redemption of Principal	1,692	29,459	133,006	164,157
Interest and Other Fiscal Charges	177	12,882	8,345	21,404
<i>Total Cash Disbursements</i>	<u>900,009</u>	<u>429,600</u>	<u>148,237</u>	<u>1,477,846</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>47,545</u>	<u>77,044</u>	<u>(42,237)</u>	<u>82,352</u>
Other Financing Receipts (Disbursements)				
Transfers In	120,413	37,916	26,000	184,329
Transfers Out	(63,916)		(120,413)	(184,329)
Advance In	11,226			11,226
Advance Out		(11,226)		(11,226)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>67,723</u>	<u>26,690</u>	<u>(94,413)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	115,268	103,734	(136,650)	82,352
<i>Fund Cash Balances , January 1 Restated (see Note 3)</i>	<u>177,052</u>	<u>551,158</u>	<u>241,640</u>	<u>969,850</u>
<i>Fund Cash Balances , December 31</i>	<u><u>\$292,320</u></u>	<u><u>\$654,892</u></u>	<u><u>\$104,990</u></u>	<u><u>\$1,052,202</u></u>

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

Village of Hiram, Ohio
Portage County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)*
Proprietary Fund Type
For the Year Ended December 31, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$456,990
<i>Total Operating Cash Receipts</i>	456,990
Operating Cash Disbursements	
Personal Services	153,520
Employee Fringe Benefits	57,912
Contractual Services	122,127
Supplies and Materials	99,304
Other	33
<i>Total Operating Cash Disbursements</i>	432,896
<i>Operating Income (Loss)</i>	24,094
Non-Operating Receipts (Disbursements)	
Earnings on Investments	1,609
Miscellaneous Receipts	18,466
Capital Outlay	(35,188)
Principal Retirement	(25,854)
Interest and Other Fiscal Charges	(1,404)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	(42,371)
<i>Income (Loss) before Transfers</i>	(18,277)
Extraordinary Item	338
Transfers In	9,000
Transfers Out	(9,000)
<i>Net Change in Fund Cash Balances</i>	(17,939)
<i>Fund Cash Balances, January 1</i>	834,907
<i>Fund Cash Balances, December 31</i>	\$816,968

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

Village of Hiram , Ohio
Portage County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Custodial
Additions	
Intergovernmental	\$16,752
<i>Total Additions</i>	16,752
Deductions	
Distributions as Fiscal Agent	18,237
<i>Total Deductions</i>	18,237
<i>Net Change in Fund Balances</i>	(1,485)
<i>Fund Cash Balances, January 1</i>	8,861
<i>Fund Cash Balances, December 31</i>	\$7,376

See accompanying notes to the basic financial statements

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Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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.

Coronavirus Relief Fund – The coronavirus relief fund accounts for receipts and disbursements from federal grants provided by the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

Fire Department Operations Fund – This newly created fund accounts for and reports money received from the collection of Fire levy funds from both the Hiram Township and 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:

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, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the Hiram Beautification Commission Fund.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (C). 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 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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 2020 budgetary activity appears in Note 4.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Prior Period Adjustment

	General	Special Revenue	Capital Project	Total
Fund Cash Balance				
December 31, 2019	\$177,003	\$551,123	\$241,640	\$969,766
Warrant loss re-issued	49	35		84
Adjusted Fund Cash				
Balance December 31, 2019	\$177,052	\$551,158	\$241,640	\$969,850

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

Fund Type	2020 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$832,015	\$1,067,967	\$235,952
Special Revenue	494,633	544,560	49,927
Capital Projects	16,000	132,000	116,000
Enterprise	464,000	486,403	22,403
Fiduciary	1,750	16,752	15,002
Total	\$1,808,398	\$2,247,682	\$439,284

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Budgetary Activity *(continued)*

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,031,790	\$984,169	\$47,621
Special Revenue	630,638	547,825	82,813
Capital Projects	579,643	270,519	309,124
Enterprise	573,778	525,540	48,238
Fiduciary	3,000	18,237	(15,237)
Total	\$2,818,849	\$2,346,290	\$472,559

Contrary to ORC 5705.39, the Village had appropriations exceeded estimated resources available (*estimated receipts plus unencumbered balances*) in three Special Revenue funds, four Capital Project Funds and one Enterprise fund at year end December 31, 2020.

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

Demand deposits	2020 \$230,185
Money Market Investment Account	1,646,361
Total deposits and investments	1,876,546

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village has no unremitted employee payroll withholdings.

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 invests 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.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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 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

Advances

The Village reports advances in and advances out for Interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. 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 has been repaid to the General Fund as of December 31, 2020.

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, 2020.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Risk Management

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the “Pool”), an unincorporated nonprofit 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, 2021, retention levels are \$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, 2021.

Assets	\$ 824,661
Liabilities	<u>(554,038)</u>
Accumulated Surplus	\$ 270,623

Public Entity Self Insurance Risk Pool

The Village participates in the Ohio Municipal League’s Joint Self Insurance Pool through Assured Partners 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.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Risk Management *(continued)*

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 workweek 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 Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

Other Village 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, 2020.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 11 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$34,066	2.00%
Ohio Public Works Commission-Street Imp. Loan	162,405	0.00%
Middlefield Bank Loan-Sidewalk Replacement Project	284,718	3.50%
Middlefield Bank Loan-2017 Rescue Squad	57,846	3.00%
Middlefield Bank Loan-2017 Str. Dump Truck	31,349	3.00%
Middlefield Bank Loan-2019 PD Cruiser	10,826	3.00%
Middlefield Bank Loan-2019 Mini Pump Fire Truck	47,724	3.56%
Total	<u>\$628,934</u>	

The Ohio Water Development Authority (OWDA) loans relate to sewer system expansion projects that were mandated by the Ohio Environmental Protection Agency. There is one loan outstanding from the OWDA for sewer projects. There is a balance as of December 31, 2020 of \$1,396, which will be repaid in semiannual installments of principal and interest. Loan #3499 will be completely paid in 2022. This loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loans relate to water system projects. There are two loans from the OWDA for water projects. There is a balance as of December 31, 2020 of \$32,670, 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 #CG32V is for work on various street improvements and reconstruction. There is a balance as of December 31, 2020 of \$162,405, 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.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Debt *(continued)*

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. There is a balance as of December 31, 2020 of \$284,718, which will be repaid in semiannual installments of principal and interest. 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, 2020 of \$57,846, 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, 2020 of \$31,349, 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, 2020 of \$10,826 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, 2020 of \$47,724, which will be repaid in quarterly installments of principal and interest. The loan through the Middlefield Banking Co. will be repaid by May of 2023.

Leases

The Village leases copier equipment as needed under non-cancelable leases. The Village disbursed \$2,999 to pay lease costs for the year ended December 31, 2020.

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Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 Rescue Squad	Middlefield Bank Loan Dump Truck	Middlefield Bank Loan PD Cruiser	Middlefield Bank Loan Mini Pumper
2021	\$20,799	\$10,478	\$22,031	\$15,413	\$21,530	\$7,475	\$26,479
2022	12,220	10,478	22,031	15,413	10,765	3,737	26,479
2023	1,821	10,478	22,031	15,413			
2024		10,478	22,031	15,413			
2025		10,478	22,031				
2026-2030		52,389	110,155				
2031-2035		52,389	110,155				
2036-2039		5,237	77,108				
Total	\$34,840	\$162,405	\$407,573	\$61,652	\$32,295	\$11,212	\$52,958

Note 12 – Contingent Liabilities

The Village was not part of any lawsuits in 2020.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$280			\$280
Outstanding Encumbranc	20,244	118,225	1,869	140,338
Total	\$20,524	\$118,225	\$1,869	\$140,618

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Hiram, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 14 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. (customize as needed) In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

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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
P.O. Box 65
Hiram, Ohio 44234-0065

To the Members of Council and the Mayor:

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes of the Village of Hiram, Portage County, (the Village) and have issued our report thereon dated June 30, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. In addition, as described in Note 14 to the financial statements, the Village made changes to its reporting model. Furthermore, we noted as described in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 a 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. We consider findings 2020-001 and 2020-002 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2020-003 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters


As part of reasonably assuring whether the Government'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 financial statement. 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 item 2020-001 and 2020-002.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying schedule of findings, The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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: 2022.07.20 09:37:17 -04'00'

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

June 30, 2022

Village of Hiram, Ohio

Portage County

Schedule of Findings

December 31, 2020

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

FINDING NUMBER 2020-001

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, 2020, the following funds had appropriations in excess of estimated resources.

Fund	Amended Certificate of Estimated Resources	Appropriations per Resolutions	Excess
Special Revenue:			
State EMS Grant	(\$3,127)	\$0	\$3,127
Land & Water Conservation	(\$31,086)	\$0	\$31,086
Nature Works Grant	(\$2,462)	\$0	\$2,462
Capital Projects:			
Sidewalks on State Routes Grant	(\$4,274)	\$0	\$4,274
Hike & Bike Trail Grants	(\$9,182)	\$0	\$9,182
OPWC Grant Constance Ave	(\$38,018)	\$0	\$38,018
OPWC Grant Street Improvements	(\$271,106)	\$0	\$271,106
Enterprise Funds			
Water Capital Improvement	\$8,342	\$13,000	\$4,658

This situation may lead to disbursements within said funds exceeding the actual revenue available and negative cash balances.

Management should monitor the budgetary cycle throughout the year to ensure appropriations do not exceed the amounts on the certificate of estimated resources and any amendments thereto and actual revenue received.

FINDING NUMBER 2020-002

Noncompliance/Material Weakness - Financial Reporting and Fund Type Classification

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

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

Village of Hiram, Ohio

Portage County

Schedule of Findings

December 31, 2020

FINDING NUMBER 2020-002 *(continued)*

Noncompliance/Material Weakness - Financial Reporting and Fund Type Classification *(continued)*

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

- The Fiscal Officer improperly posted an OPWC principal payment on the OPWC Street Improvements Loan within the Special Revenue- Street Infrastructure Equipment Fund in the amount of \$5,243, to interest and fiscal charges expenditure account rather than principal retirement expenditure account.
- The Fiscal Officer improperly posted debt principal payment of \$90,000 within the Capital Improvement Fund to capital outlay expenditure account rather than the principal retirement.
- The Fiscal Officer improperly posted principal and interest payments of \$1,692 and \$177 respectively, within the General Fund to capital outlay expenditure account rather than the principal retirement account and to interest and fiscal charges expenditure account, respectively.

The unclaimed monies fund was improperly reported as a custodial 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 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.

The Village should review GASB 54 and Auditor of State Bulletin 2011-004 for proper classification of fund balances and fund types on the year-end financial statements. Additionally, the Village should monitor its financial reporting to ensure proper processes and procedures are in place.

FINDING NUMBER 2020-003

Significant Deficiency - Footnotes to the Financial Statements

Footnotes to the financial statements are an integral part to the financial statements and are the responsibility of management for the preparation and fair presentation. On review of the footnotes accompanying the financial statements submitted to the Hinkle system there were two new significant footnotes missing. All applicable corrections were made.

The Village's footnotes submitted to the Hinkle system lacked the Fund Balance footnote and the Changes in Accounting Principles footnote.

The accompanying financial statements' footnotes have been adjusted for these errors. It is possible that the lack of a final financial statement and footnotes review prior to filing may have contributed to these errors not being detected. Financial reporting errors impact the users' understanding of the financial statements and the ability of Council and management to make sound financial decisions.

Prior to filing, the annual financial statements, the Fiscal Officer should update and review all the footnotes before submitting to the Hinkle system, and accounting records should be reviewed for errors and omissions. The current and updated footnotes are found on the Auditor of State's website at <https://ohioauditor.gov/references.html>.

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

Village of Hiram
Portage County

Schedule of Prior Audit Findings
December 31, 2020

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2019-001	Ohio Revised Code § 5705.39 Appropriations limited by Estimated Resources.	No	Not Corrected repeated as 2020-001
2019-002	Ohio Rev. Code § 5705.41 (B) Expenditures exceed Appropriations.	Yes	No Longer Valid
2019-003	Ohio Admin Code § 117-2-02(A)/Material Weakness Financial Reporting and Fund Type Classification.	No	Not Corrected repeated as 2020-002

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HIRAM

PORTAGE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/20/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov