



Dave Yost • Auditor of State

VILLAGE OF HIRAM
PORTAGE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Cash Basis	10
Statement of Activities – Cash Basis	11
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	12
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds	13
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis – General Fund	14
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis – Ambulance Fund.....	15
Statement of Fund Net Assets - Cash Basis -Proprietary Funds.....	16
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets - Cash Basis - Proprietary Funds	17
Statement of Fiduciary Net Assets - Cash Basis - Fiduciary Funds	18
Notes to the Basic Financial Statements	19
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hiram, Portage County, Ohio (the Village), as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Hiram, Portage County, Ohio, as of December 31, 2011 and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund and Ambulance Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2011 the Village of Hiram adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



Dave Yost
Auditor of State

June 15, 2012

Village of Hiram, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

This discussion and analysis of the Village of Hiram's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2011, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2011 are as follows:

Net assets of governmental activities increased \$35,782, or 2.7 percent, an insignificant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest percentage increase from the beginning cash balance in 2011 to the ending cash balance of 2011. This fund received \$179,255 more than it expended in 2011. The increase was largely due to Hiram College reimbursing the village in the amount of \$112,101. This represents a portion of the \$177,500 the village is obligated to Ohio Public Works Commission for the matching portion of the Hinsdale Road East Extension grant. The President of the College committed to reimbursing the village for their matching portion on this grant.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 6 percent and 44 percent of the total cash received for governmental activities during the year. The withholdings decreased from \$420,965 to \$407,567.

The sewer and water operations, the Village's two most significant business-type activities, ended the year on a positive note. The water operations ended the year with a balance of net assets in the amount of \$163,035, while the wastewater operations ended the year with net assets of \$216,114.

The Village received a Community Development Block Grant for the demolition of the old elementary school. This project was run by Portage County Regional Planning. The total benefit to the village was \$72,548.

The Village received a grant from AMATS for a curb and gutter project on SR 305. This project was run by the Ohio Department of Transportation. The total benefit to the Village was \$147,255.

The Village received a grant from NOPEC in the amount of \$50,000 to make energy saving improvements. As part of the project windows and doors were replaced in the Village Hall. Insulation was added to the old village hall, service garage and the Village Hall. The old village hall also got replacement doors. A furnace was replaced in the Village Hall. The lone traffic light received LED's in the traffic signals. The Village Hall also received new air conditioning units.

The Village received a grant from First Energy in the amount of \$5,651 for upgrading the lighting in the Village Hall.

The Village's Fire Department received a grant from the Ohio Department of Public Safety in the amount of \$4,000 to be used for training and equipment. Equipment in the amount of \$1,210 was purchased and three attended EMT Basic Classes for a cost of \$1,950. One attended paramedic training class and \$840 was paid towards the tuition from this grant.

The Village received a grant from Ohio Public Works Commission in the amount of \$177,500. This is a fifty percent matching grant. This grant was for the extension of Hinsdale Road eastward. The bid for the construction came in for higher than the anticipated \$308,000 by \$8,626. Thus the entire project exceeded the \$355,000. Hiram College entered into an agreement with the Village to reimburse the Village for their matching portion and to pay anything over the \$355,000 project total.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Village as a Whole

The statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2011, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

Village of Hiram, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

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

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

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

Reporting the Village's Most Significant Funds

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

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

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

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

Village of Hiram, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010 on a cash basis:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Cash and Cash Equivalents	\$1,361,357	\$1,325,574	\$627,501	\$504,659	\$1,988,858	\$1,830,233
Total Assets	\$1,361,357	\$1,325,574	\$627,501	\$504,659	\$1,988,858	\$1,830,233
Net Assets						
Restricted for:						
Debt Service	\$244	\$244	\$231,286		\$231,530	\$244
Capital Outlay	236,753	106,243			236,753	106,243
Other Purposes	242,253	250,018			242,253	250,018
Unrestricted	882,107	969,069	396,215	504,659	1,278,322	1,473,728
Total Net Assets	\$1,361,357	\$1,325,574	\$627,501	\$504,659	\$1,988,858	\$1,830,233

As mentioned previously, net assets of governmental activities increased \$ 35,783 or 2.7 percent during 2011. The primary reasons contributing to the increases in cash balances are as follows:

- The Village received \$511,305 in intergovernmental monies according to the Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances Report. The largest contributor for this area were the grants (EMS, CDBG, NOPEC, AMATS and OPWC) for a total of \$362,277

Table 2 reflects the changes in net assets on a cash basis in 2011 and 2010 for governmental activities, business-type activities and total primary government.

Village of Hiram, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$351,204	\$380,009	\$682,181	\$709,454	\$1,033,385	\$1,089,463
Operating Grants and Contributions	84,459	95,246			84,459	95,246
Capital Grants and Contributions	147,255				147,255	
Total Program Receipts	582,918	475,255	682,181	709,454	1,265,099	1,184,709
General Receipts:						
Property and Other Local Taxes	71,351	80,814			71,351	80,814
Income Taxes	407,567	420,965			407,567	420,965
Other Taxes	1,415	1,378			1,415	1,378
Grants and Entitlements Not Restricted to Specific Programs	279,591	123,787			279,591	123,787
Cable Franchise Fees	6,807	6,465			6,807	6,465
Interest	26,932	31,211	2,899	1,813	29,831	33,024
Miscellaneous	149,880	13,703	1,670	1,604	151,550	15,307
Total General Receipts	943,543	678,323	4,569	3,417	948,112	681,740
Total Receipts	1,526,461	1,153,578	686,750	712,871	2,213,211	1,866,449
Disbursements:						
General Government	320,454	244,394			320,454	244,394
Security of Persons and Property	379,795	460,588			379,795	460,588
Public Health Services	203,427	187,773			203,427	187,773
Leisure Time Activities	269	275			269	275
Community Environment	5,025	3,471			5,025	3,471
Basic Utilities	1,763	1,644			1,763	1,644
Transportation	108,993	119,570			108,993	119,570
Capital Outlay	452,371	106,540			452,371	106,540
Principal Retirement	15,342	7,399			15,342	7,399
Interest and Fiscal Charges	3,239	1,891			3,239	1,891
Water			228,104	230,551	228,104	230,551
Wastewater			335,804	395,477	335,804	395,477
Total Disbursements	1,490,678	1,133,545	563,908	626,028	2,054,586	1,759,573
Increase in net assets	35,783	20,033	122,842	86,843	158,625	106,876
Net Assets, January 1	1,325,574	1,305,541	504,659	417,815	1,830,233	1,723,356
Net Assets, December 31	\$1,361,357	\$1,325,574	\$627,501	\$504,658	\$1,988,858	\$1,830,232

Program receipts represent only 38 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, contracts with the college and the township and court fines.

General receipts represent 62 percent of the Village's total governmental receipts and of this amount; over 50 percent are local taxes. State and federal grants and entitlements make up the balance of the Village's general receipts (30 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, and the Auditor, Solicitor, Fiscal Officer and

Village of Hiram, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Assistant Fiscal Officer. Since these costs do not represent direct services to residents, we try to limit these costs to 50% of General Fund unrestricted receipts.

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

Governmental Activities

In the Statement of Activities, the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursement for governmental activities was Capital Outlay which accounts for 30 percent of all governmental disbursements. Other major program disbursements for governmental activities are for Security of Persons and Property and General Government, which account for 26 and 22 percent of all governmental disbursements, respectively. Public Health Services also represents a significant cost, about 14 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement of Activities. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
General Government	\$320,454	-\$312,885	\$244,394	-\$233,155
Security of Persons and Property	379,795	-132,754	460,587	-156,975
Public Health Services	203,427	-41,331	187,773	-42,842
Leisure Time Activities	270	-270	275	-275
Community Environment	5,025	-305	3,471	-3,091
Basic Utilities	1,763	-1,763	1,644	-1,644
Transportation	108,993	52,498	119,570	-104,476
Capital Outlay	452,371	-452,371	106,540	-106,540
Principal and Interest Payments	18,581	-18,581	9,291	-9,291
Total Expenses	<u><u>\$1,490,679</u></u>	<u><u>-\$907,762</u></u>	<u><u>\$1,133,545</u></u>	<u><u>-\$658,289</u></u>

The dependence upon property and income tax receipts is apparent, as over 32 percent of governmental activities are supported through these general receipts. The percentage increases to 46 percent without the large capital outlay amount due to the various grant supported this year in Capital Outlay.

Business-type Activities

According to the Statement of Activities the water operations at the Village receipted in \$48,875 more than was spent. The receipts for wastewater operations at the village were \$69,399 more than was spent in 2011.

Village of Hiram, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

The Village's Funds

Total governmental funds had receipts of \$1,526,461 and disbursements of \$1,490,679 according to the Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances for Governmental Funds Report. The greatest change within governmental funds occurred within the Other Governmental Funds.

General Fund receipts were greater than disbursements by \$179,255 indicating that the General Fund is not in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers.

General Fund Budgeting Highlights

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

During 2011, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts exceeded original budgeted receipts mostly due to higher receipts in miscellaneous receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$874,284 while actual disbursements were \$758,554. The Village kept spending in check as demonstrated by the variance. The Village decreased the cash balance in the General Fund by \$86,962 over the cash balance at the end of 2010.

Capital Assets and Debt Administration

Capital Assets

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

Debt

On December 31, 2011, the Village's outstanding debt included \$963,389 in outstanding principal from loans to Ohio Water Development Authority and Ohio Public Works Commission. The Village also secured a loan through Middlefield Bank for the new fire truck and the year-end balance was \$59,468. For further information regarding the Village's debt, refer to Note 13 in the Notes to the Financial Statements.

Current Issues

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

Contacting the Village's Financial Management

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

HIRAM VILLAGE, PORTAGE COUNTY

Statement of Net Assets - Cash Basis

December 31, 2011

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,361,357	\$627,501	\$1,988,858
<i>Total Assets</i>	<u><u>\$1,361,357</u></u>	<u><u>\$627,501</u></u>	<u><u>\$1,988,858</u></u>
Net Assets			
Restricted for:			
Capital Projects	236,753	-	236,753
Debt Service	244	-	244
Other Purposes	242,253	-	242,253
Unrestricted	882,107	627,501	1,509,608
<i>Total Net Assets</i>	<u><u>1,361,357</u></u>	<u><u>627,501</u></u>	<u><u>1,988,858</u></u>

See accompanying notes to the basic financial statements

HIRAM VILLAGE, PORTAGE COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2011*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
Current:						
Security of Persons and Property	\$379,795	\$247,041	\$0	(\$132,754)	\$0	(\$132,754)
Public Health Services	203,427	89,547	72,548	(41,331)	-	(41,331)
Leisure Time Activities	270	-	-	(270)	-	(270)
Community Environment	5,025	4,720	-	(305)	-	(305)
Basic Utility Services	1,763	-	-	(1,763)	-	(1,763)
Transportation	108,993	2,326	11,911	52,498	-	52,498
General Government	320,454	7,569	-	(312,885)	-	(312,885)
Capital Outlay	452,371	-	-	(452,371)	-	(452,371)
Debt Service:						
Principal Retirement	15,342	-	-	(15,342)	-	(15,342)
Interest and Fiscal Charges	3,239	-	-	(3,239)	-	(3,239)
Total Governmental Activities	\$1,490,679	\$351,204	\$84,459	(\$907,761)	\$0	(\$907,761)
Business Type Activities						
Water	\$228,104	\$276,979	\$0	\$0	\$48,875	\$48,875
Sewer	335,804	405,202	-	-	69,399	69,399
Total Business Type Activities	\$563,908	\$682,181	\$0	\$0	\$118,274	\$118,274
Total Primary Government	\$2,054,586	\$1,033,385	\$84,459	(\$907,761)	\$118,274	(\$789,488)
General Receipts						
Property Taxes				\$71,351	\$0	\$71,351
Income Taxes				407,567	-	407,567
Other Local Taxes				1,415	-	1,415
Grants and Entitlements not Restricted to Specific Programs				279,591	-	279,591
Cable Franchise Fees				6,807	-	6,807
Earnings on Investments				26,933	2,899	29,832
Miscellaneous				149,880	1,669	151,550
Total General Receipts				\$943,543	\$4,569	\$948,112
Change in Net Assets				\$35,782	\$122,842	\$158,624
<i>Net Assets Beginning of Year</i>				<u>\$1,325,575</u>	<u>\$504,659</u>	<u>\$1,830,234</u>
<i>Net Assets End of Year</i>				<u>\$1,361,357</u>	<u>\$627,501</u>	<u>\$1,988,858</u>

See accompanying notes to the basic financial statements

HIRAM VILLAGE, PORTAGE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	GENERAL	AMBULANCE	CAPITAL IMPROVEMENTS	OPWC GRANT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$882,107	\$173,638	\$157,291	\$79,463	\$68,858	\$1,361,357
<i>Total Assets</i>	<u>\$882,107</u>	<u>\$173,638</u>	<u>\$157,291</u>	<u>\$79,463</u>	<u>\$68,858</u>	<u>\$1,361,357</u>
Nonspendable	\$280	\$0	\$0	\$0	\$0	\$280
Restricted	\$0	\$173,638	\$0	\$79,463	\$68,858	\$321,959
Committed	\$0	\$0	\$157,291	\$0	\$0	\$157,291
Assigned	\$61,937	\$0	\$0	\$0	\$0	\$61,937
Unassigned (Deficit)	\$819,890	\$0	\$0	\$0	\$0	\$819,890
<i>Fund Cash Balance, December 31</i>	<u>\$882,107</u>	<u>\$173,638</u>	<u>\$157,291</u>	<u>\$79,463</u>	<u>\$68,858</u>	<u>\$1,361,357</u>

See accompanying notes to the basic financial statements

HIRAM VILLAGE, PORTAGE COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	GENERAL	AMBULANCE	CAPITAL IMPROVEMENTS	OPWC GRANT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts						
Municipal Income Taxes	\$ 407,567	\$ -	\$ -	\$ -	\$ -	\$ 407,567
Property Taxes	56,092	15,259	0	0	0	71,351
Other Local Taxes	0	0	0	0	3,741	3,741
Intergovernmental	134,991	2,127	0	87,433	286,754	511,305
Charges for Services	146,936	170,043	16,000	0	3,610	336,589
Fines, Licenses and Permits	18,941	0	0	0	155	19,096
Earnings on Investments	23,402	2,609	0	0	921	26,933
Miscellaneous	149,880	0	0	0	0	149,880
Total Receipts	937,809	190,037	16,000	87,433	295,181	1,526,461
Disbursements						
Current:						
Security of Persons and Property	375,120	0	0	0	4,675	379,795
Public Health Services	0	191,665	0	0	11,762	203,427
Leisure Time Activities	270	0	0	0	0	270
Community Environment	5,025	0	0	0	0	5,025
Basic Utility Services	1,763	0	0	0	0	1,763
Transportation	90,061	0	0	0	18,932	108,993
General Government	267,734	302	0	0	52,418	320,454
Capital Outlay	0	0	37,997	194,571	219,803	452,371
Debt Service:						
Principal Retirement	15,342	0	0	0	0	15,342
Interest and Fiscal Charges	3,239	0	0	0	0	3,239
Total Disbursements	758,554	191,967	37,997	194,571	307,590	1,490,679
Excess of Receipts Over (Under) Disbursements	179,255	(1,930)	(21,997)	(107,137)	(12,409)	35,782
Other Financing Sources (Uses)						
Transfers In	0	0	73,044	186,600	922	260,566
Transfers Out	(260,566)	0	0	0	0	(260,566)
Advances In	4,000	0	0	0	9,651	13,651
Advances Out	(9,651)	0	0	0	(4,000)	(13,651)
Total Other Financing Sources (Uses)	(266,217)	0	73,044	186,600	6,573	0
Net Change in Fund Balances	(86,962)	(1,930)	51,047	79,463	(5,836)	35,782
Fund Balances Beginning of Year	969,069	175,567	106,243	0	74,695	1,325,575
Fund Balances End of Year	\$ 882,107	\$ 173,638	\$ 157,291	\$ 79,463	\$ 68,858	\$ 1,361,357

See accompanying notes to the basic financial statements

HIRAM VILLAGE, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Municipal Income Taxes	\$ 380,000	\$ 387,065	\$ 407,567	\$ 20,502
Property Taxes	58,547	56,092	56,092	0
Intergovernmental	111,966	136,280	134,991	(1,290)
Charges for Services	172,600	166,600	146,936	(19,664)
Fines, Licenses and Permits	20,000	19,032	18,941	(91)
Earnings on Investments	25,000	24,000	23,402	(598)
Miscellaneous	7,612	224,234	149,880	(74,354)
<i>Total receipts</i>	<u>775,725</u>	<u>1,013,303</u>	<u>937,809</u>	<u>(75,494)</u>
Disbursements				
Current:				
Security of Persons and Property	395,765	395,765	375,120	20,645
Public Health Services	0	0	0	0
Leisure Time Activities	4,000	4,000	270	3,731
Community Environment	9,700	9,700	5,025	4,675
Basic Utility Services	3,000	3,000	1,763	1,237
Transportation	108,540	108,540	90,061	18,479
General Government	286,726	335,236	267,734	67,502
Debt Service:				
Principal Retirement	15,343	15,343	15,342	1
Interest and Fiscal Charges	3,240	3,240	3,239	1
<i>Total Disbursements</i>	<u>826,314</u>	<u>874,824</u>	<u>758,554</u>	<u>116,270</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(50,589)</u>	<u>138,479</u>	<u>179,255</u>	<u>40,776</u>
Other Financing Sources (Uses)				
Transfers Out	(26,000)	(260,566)	(260,566)	0
Advances In	0	0	4,000	4,000
Advances Out	0	(10,157)	(9,651)	506
<i>Total Other Financing Sources (Uses)</i>	<u>(26,000)</u>	<u>(270,723)</u>	<u>(266,217)</u>	<u>4,506</u>
<i>Net Change in Fund Balance</i>	(76,589)	(132,244)	(86,962)	45,282
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>969,069</u>	<u>969,069</u>	<u>969,069</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u><u>\$892,480</u></u>	<u><u>\$836,825</u></u>	<u><u>\$882,107</u></u>	<u><u>\$45,282</u></u>

See accompanying notes to the basic financial statements

HIRAM VILLAGE, PORTAGE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Ambulance Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$15,500	\$15,500	\$15,259	(\$241)
Intergovernmental	2,360	2,360	2,127	(233)
Charges for Services	172,000	172,042	170,043	(1,999)
Earnings on Investments	2,950	2,950	2,609	(341)
Miscellaneous	71	71	-	(71)
<i>Total receipts</i>	<u>192,881</u>	<u>192,923</u>	<u>190,037</u>	<u>(2,886)</u>
Disbursements				
Current:				
Public Health Services	178,113	194,216	191,665	2,551
General Government	500	397	302	95
<i>Total Disbursements</i>	<u>178,613</u>	<u>194,613</u>	<u>191,967</u>	<u>2,646</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,268</u>	<u>(1,690)</u>	<u>(1,930)</u>	<u>(240)</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(16,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(16,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(1,732)	(1,690)	(1,930)	(240)
<i>Unencumbered Cash Balance Beginning of Year</i>	175,567	175,567	175,567	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$173,835</u>	<u>\$173,877</u>	<u>\$173,638</u>	<u>(\$240)</u>

See accompanying notes to the basic financial statements

HIRAM VILLAGE, PORTAGE COUNTY

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2011

	WATER	SEWER	WATER CAPITAL IMPROVEMENT	SEWER CAPITAL IMPROVEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$163,035	\$216,114	\$114,265	\$131,259	\$2,829	\$627,501
<i>Total Assets</i>	<u>\$163,035</u>	<u>\$216,114</u>	<u>\$114,265</u>	<u>\$131,259</u>	<u>\$2,829</u>	<u>\$627,501</u>
Net Assets						
Debt Service	\$77,609	\$153,677	\$0	\$0	\$0	\$231,286
Unrestricted	\$85,426	\$62,437	\$114,265	\$131,259	\$2,829	\$396,215
<i>Total Net Assets</i>	<u>\$163,035</u>	<u>\$216,114</u>	<u>\$114,265</u>	<u>\$131,259</u>	<u>\$2,829</u>	<u>\$627,501</u>

See accompanying notes to the basic financial statements

HIRAM VILLAGE, PORTAGE COUNTY
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2011*

	WATER	SEWER	WATER CAPITAL IMPROVEMENT	SEWER CAPITAL IMPROVEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Operating Receipts						
Charges for Services	\$ 276,979	\$ 405,202	\$ -	\$ -	\$ -	\$ 682,181
<i>Total Operating Receipts</i>	<u>276,979</u>	<u>405,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682,181</u>
Operating Disbursements						
Personal Services	62,830	72,849	-	-	-	135,678
Employee Fringe Benefits	14,645	15,704	-	-	-	30,349
Contractual Services	53,173	47,471	-	-	-	100,644
Supplies and Materials	19,847	45,823	-	-	-	65,671
<i>Total Operating Disbursements</i>	<u>150,495</u>	<u>181,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,342</u>
<i>Operating Income</i>	<u>126,484</u>	<u>223,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,839</u>
Non-Operating Receipts (Disbursements)						
Earnings on Investments	-	-	1,267	1,632	-	2,899
Miscellaneous Receipts	853	816	-	-	-	1,669
Capital Outlay	-	-	-	-	-	-
Principal Retirement	(68,174)	(135,066)	-	-	-	(203,239)
Interest and Other Fiscal Charges	(9,435)	(18,891)	-	-	-	(28,326)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(76,756)</u>	<u>(153,140)</u>	<u>1,267</u>	<u>1,632</u>	<u>-</u>	<u>(226,997)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>49,728</u>	<u>70,215</u>	<u>1,267</u>	<u>1,632</u>	<u>-</u>	<u>122,842</u>
Transfers In	-	-	50,000	55,000	-	105,000
Transfers Out	(50,000)	(55,000)	-	-	-	(105,000)
<i>Change in Net Assets</i>	<u>(272)</u>	<u>15,215</u>	<u>51,267</u>	<u>56,632</u>	<u>-</u>	<u>122,842</u>
<i>Net Assets Beginning of Year</i>	<u>163,306</u>	<u>200,899</u>	<u>62,998</u>	<u>74,626</u>	<u>2,829</u>	<u>504,659</u>
<i>Net Assets End of Year</i>	<u>163,035</u>	<u>216,114</u>	<u>114,265</u>	<u>131,259</u>	<u>2,829</u>	<u>627,501</u>

See accompanying notes to the basic financial statements

HIRAM VILLAGE, PORTAGE COUNTY

Statement of Fiduciary Net Assets - Cash Basis

Fiduciary Funds

December 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$21,931
<i>Total Assets</i>	<u>\$21,931</u>
Net Assets	
Restricted for:	
Other Purposes	21,931
<i>Total Net Assets</i>	<u>\$21,931</u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

The Village of Hiram, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, and votes only to break a tie.

A. Primary Government

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

B. Component Units

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

The Village participates in one public entity risk pool. Note 18 to the financial statements provide additional information for this entity. These organizations are:

Public Entity Risk Pool:

Ohio Municipal Joint Self-Insurance Pool

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

B. Fund Accounting

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

Governmental Funds

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

Note 2 – Summary of Significant Accounting Policies (Continued)

The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds

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

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

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

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

Water Capital Improvement Fund - This fund receives transfers-in from the Water Fund to finance future water capital improvements.

Sewer Fund - This fund receives transfers-in from the Sewer Fund to finance future water capital improvements.

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

Fiduciary Funds

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

E. Cash and Investments

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

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

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

During 2011, the Village invested in three certificates of deposit, a money market account, and a checking account. The certificates of deposit are reported at cost. The Village's money market account and checking account are recorded at the amount reported by Middlefield Bank on December 31, 2011. All three of the certificates of deposits matured and were rolled into the money market account.

Interest earnings allocated to Village funds according to State statutes, grant requirements, or debt related requirements and legislation. Interest receipts credited to the General Fund during 2011 were \$23,402.

F. Interfund Receivables/Payables

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

In July of 2011 the General Fund advanced \$4,000 to the State EMS Grant fund. The State EMS Grant fund repaid this advance in December of 2011. In August of 2011, the General Fund advanced \$5,651.20 to the NOPEC grant fund. This advance remained unpaid at the end of 2011.

G. Accumulated Leave

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

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as 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 – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the Village’s Council. Those committed amounts cannot be used for any other purpose unless the Village’s Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by the Village’s Council.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Changes in Accounting Principles

For fiscal year 2011, the Village has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus*.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The implementation of this Statement did not result in the reclassification of fund balances on the Village’s governmental fund financial statements.

Note 3 – Changes in Accounting Principles (Continued)

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of this Statement did not have an effect on the Village's financial statements.

Note 4 – Accountability and Compliance

The Village had no deficit fund balances at the end of 2011.

Note 5 – Budgetary Basis of Accounting

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

Note 6 - Deposits and Investments

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

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

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

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

Interim monies held by the Village can be deposited or invested in the following securities according to Ordinance 2011-12, which contains the Village's investment policy:

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

Note 6 - Deposits and Investments (Continued)

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

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

At December 31, 2011 the Village had no cash on hand.

Deposits

At year end, the total amount of the Village's deposits was \$113,019, and the bank balance was \$4,145.

Custodial credit risk is that risk that, in the event of a bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011, bank balance of \$4,145 was fully covered by Federal Depository Insurance.

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

Investments

The Village has an investment policy that is detailed in Ordinance 2011-12, Exhibit "A". This policy is reviewed every two years. The stated purpose of the investment policy is to establish investment objectives of the Village in compliance with Federal, state, and local laws. Specifically, Chapter 135 of Ohio Revised Code (the Uniform Depository Act) and Sections 731.55 through 731.59 of the Ohio Revised Code shall be adhered to at all times.

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

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

Village of Hiram
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 6 - Deposits and Investments (Continued)

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

As of December 31, 2011, the Village had the following investments

	<u>Carrying Value</u>
Demand Deposits	\$ 4,595
Total Deposits	4,595
Money Market	<u>2,006,195</u>
Total Investments	<u>2,006,195</u>
Total Deposits and Investments	\$ <u>2,010,790</u>

Note 7 – Income Taxes

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

Note 8 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien dates. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due February 14, with the remainder payable by July 15. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2011 represent the collection of 2010 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2010, were levied after October 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2011 (other than public utility property) represent the collection of 2010 taxes. Tangible personal property taxes received in 2011 were levied after October 1, 2010, on the true value as of December 31, 2010. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Note 8 – Property Taxes (Continued)

The full tax rate for all Village operations for the year ended December 31, 2011, was \$9.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2011 property tax receipts were based are as follows:

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

Note 9 – Interfund Receivables/Payables

The Village had one outstanding advance at the end of 2011. Council extended the repayment deadline for the First Energy grant of \$5,651 in Resolution 2011-38.

Note 10 – Risk Management

Risk Pool Membership: The Village belongs to the Ohio Municipal Joint Self-Insurance Pool (the “Pool”), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements, and other expenses resulting for covered claims that exceed the members’ deductibles.

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

The Pool financial statements (audited by other auditors) conform to generally accepted accounting principles and reported the following assets, liabilities, and retained deficit as of December 31, 2010 (the most recent issued report).

Assets	\$1,950,167
Liabilities	\$1,656,732
Accumulated Surplus	\$293,435

Casualty excess-of-loss contracts on December 31, 2011 generally protect against individual losses exceeding \$3,000,000. Property coverage contracts protect against losses, are subject to a deductible of \$1,000, and are limited to an annual aggregate loss of \$6,594,239

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

Note 11 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

Note 11 – Defined Benefit Pension Plans (Continued)

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

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

For the year ended December 31, 2011, the members of all three plans except those in law enforcement or public safety participating in the Traditional Plan, were required to contribute 10 percent of their annual salaries. Members in the Traditional Plan who were in public safety and law enforcement contributed 11 percent and 11.6 percent respectively. The 2011 employer contribution rate for state and local employers was 14 percent of the covered payroll. The law enforcement and public safety division employer contribution rate was 18.10 percent of the covered payroll.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The employer's pension contribution rate for the Village was 14 percent of covered payroll. The Village's required contributions to OPERS for the years ended December 31, 2011, 2010, and 2009, were \$51,689, \$71,870 and \$74,953, respectively. The full amount has been contributed for 2011, 2010, and 2009. Contributions to the Member Directed plan for 2011 were \$424 made by the Village and \$303 made by plan members.

B. Ohio Police and Fire Pension Fund

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

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2011, 2010, and 2009 were \$15,143, \$16,889, and \$16,757. The full amount has been contributed for 2011, 2010 and 2009.

Note 12 – Post-employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined Plan; however, health care benefits are not statutorily guaranteed. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in *GASB Statement No. 45*. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides for statutory authority for employer contributions. The 2011 employer contribution rate was 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for State and local employer units. Active members do not make contributions to OPEB Plan.

OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.00 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for calendar year beginning January 1, 2012 remained the same but they are subject to change by Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

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

As of December 31, 2009, the number of active contributing participants in the Traditional Pension and Combined plans totaled 357,584. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388. Actual Village contributions for 2011 which were used to fund post-employment benefits were \$14,768 (51,689 times .2857). The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS' net assets available for payment of benefits at December 31, 2008 (the latest information available) was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

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

Note 12 – Post-employment Benefits (Continued)

B. Ohio Police and Fire Pension Fund

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

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

OP&F provides access to post-retirement health care coverage to eligible persons who receive a monthly service, disability or survivor benefit check. If eligible, the plant subsidizes a spouse, survivor (which includes a dependent parent receiving a statutory survivor benefit), child up to age 28, or incapacitated child for medical and prescription drugs. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Health care funding and accounting is on a pay-as-you-go basis.

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

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

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401 (h) account, both of which are within the OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the defined pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the 401(h) account as the employer contribution for retiree health care benefits. The year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 115 and 401 (h).

Village of Hiram
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 12 – Post-employment Benefits (Continued)

In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. The number of OP&F participants eligible to receive health care benefits as of December 31, 2011 the date of the last actuarial valuation was 15,013 for police.

The Village's required contributions to the Fund for the years ended December 31, 2011, 2010, and 2009 were \$15,143, \$16,889, and \$16,757. The full amount has been contributed for 2011, 2010 and 2009.

The Village's actual contributions for 2011 that were used to fund post-employment health care benefits were \$5,240 (15,143X.346). The OP&F's total health care expenses for the year ended December 31, 2010 (the latest information available) was \$159,913,915, which was net of member contributions of \$58,923,329.

Note 13 - Debt

The Village's long-term debt activity for the year ended December 31, 2011, was as follows:

	Interest Rate	Balance December 31, 2010	Maturity Date	Principal Payments	Balance December 31, 2011	Principal Due Within One Year
Governmental Activities						
Middlefield Bank	4.50%	\$74,826	2015	\$15,358	\$59,468	\$16,043
(\$82,225)						
Total Governmental Activities		\$74,826	-	\$15,358	\$59,468	\$16,043
Business-Type Activities						
1624 OWDA Loan	7.77%	\$0	2011	\$0	\$0	\$0
(\$406,721.12)						
2291 OWDA Loan	3.54%	\$561,214	2014	\$133,007	\$428,207	\$137,757
(\$2,161,237.21.)						
2292 OWDA Loan	4.35%	\$2,450	2014	\$0	\$2,450	\$0
(13,417.70 \$)						
2748 OWDA Loan	2.00%	\$105,905	2017	\$15,425	\$90,480	\$15,734
(\$286,859.93)						
2749 OWDA Loan	2.00%	\$73,483	2018	\$9,182	\$64,301	\$9,366
(\$174,172.62)						
2750 OWDA Loan	2.00%	\$90,435	2019	\$9,870	\$80,565	\$10,067
(\$190,956.50)						
3498 OWDA Loan	2.00%	\$165,785	2022	\$12,958	\$152,827	\$13,218
(\$266,110.46)						
3499 OWDA Loan	2.00%	\$9,707	2022	\$ 759	\$8,948	\$774
(\$15,580.73)						
3894 OWDA Loan	2.00%	\$40,096	2023	\$2,854	\$37,242	\$2,911
(\$59,779.48)						
CT224 OPWC Loan	0.00%	\$1,300	2011	\$1,300	\$0	\$0
(\$52,000.00)						
CT917 OPWC Loan	0.00%	\$116,253	2017	\$17,885	\$98,368	\$17,885
(\$357,000)						
Total Business-Type Activities		\$1,166,628	-	\$203,240	\$963,388	\$207,712

TOTALS \$1,241,454 \$218,597 \$1,022,856 \$223,755

Village of Hiram
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 13 – Debt (Continued)

The Ohio Water Development Authority (OWDA) loans relate to sewer system expansion projects that were mandated by the Ohio Environmental Protection Agency. There are four loans from the OWDA for sewer projects. There is a balance as of December 31, 2011 of \$439,605 which will be repaid in semiannual installments of principal and interest. Loan #1624 will be paid in 2011, loan #2291 will be paid in 2014, loan #2292 will be paid in 2015 and loan #3499 will be paid in 2022. These loans are secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Loan #2292 has a credit with OWDA which will affect payments through 2011.

The Ohio Water Development Authority (OWDA) loans relate to water system projects. There are five loans from the OWDA for water projects. There is a balance as of December 31, 2011 of \$425,415 this will be repaid in semiannual installments of principal and interest. Loan #2748 will be paid in 2017, loan #2749 will be paid in 2018, loan #2750 will be paid in 2019, loan #3498 will be paid in 2021 and loan #3894 will be paid in 2023. These loans are secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) provides interest free loans to qualifying entities. The Village has two loans with OPWC. There is a balance of \$98,368 that is repaid in semiannual payments of principal only. Loan #CT224 is for sewer and will be repaid in 2011. Loan #CT917 is for water and will be repaid in 2017. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The village purchased a 2011 pumper tanker truck to be built by Kovatch Mobile Equipment (KME) for \$431,098. This purchase would not have been possible without the help given by Hiram Township. There is a balance as of December 31, 2011 of \$59,483 which will be repaid in semiannual installments of principal and interest.

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

Year	OWDA Loans		OPWC Loans		Middlefield Bank	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$190,731	\$22,669	\$17,885	\$0	\$16,043	\$2,539
2013	\$196,759	\$16,666	\$17,885	\$0	\$16,790	\$1,791
2014	\$202,961	\$10,464	\$17,885	\$0	\$17,565	\$1,016
2015-2019	\$221,128	\$16,606	\$44,713	\$0	\$ 9,085	\$ 206
2020-2023	\$ 53,441	\$ 1,672	\$0	\$0	\$ 0	\$ 0
Total:	\$865,020	\$68,077	\$98,368	\$0	\$59,483	\$5,552

Note 14 – Leases

The Village leases buildings, vehicles and other equipment under non-cancelable leases. The Village disbursed \$1,236 to pay lease costs for the year ended December 31, 2011. In 2011 the Village received a new copier and entered into a new fifty-one month lease.

Village of Hiram
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 15 – Interfund Transfers

During 2011 the following transfers were made:

Transfers from the General Fund to:	
Capital Improvement Fund	<u>\$ 73,044</u>
First Energy Lighting Grant	<u>\$ 922</u>
OPWC Hinsdale Road Extension	<u>\$186,600</u>
Water Operating to Water Capital Improvement	<u>\$ 50,000</u>
Sewer Operating to Sewer Capital Improvement	<u>\$ 55,000</u>
Total Transfers from the General Fund	<u>\$260,566</u>
Total Transfers from the Water Fund	<u>\$ 50,000</u>
Total Transfers from the Sewer Fund	<u>\$ 55,000</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the General Fund to the Capital Improvement Fund was the funds for the Village contracts (\$7,419). This was the remaining balance after the two semi-annual payments were made on the new fire truck. The transfer from General Fund to the Capital Improvement Fund of \$47,551 was per Ordinance 2009-08 authorizing fifty percent (50%) of the appropriations not spent by the Police Department, Fire Department, Street Department and Administrative Department be transferred to the Capital Improvement Fund for future purchases. A transfer of \$922 was made to the First Energy Grant Fund for the village's contribution. A transfer for the village's portion of the Hinsdale Road Extension project was \$186,600. The village received inheritance tax in the amount of \$18,075 and that was transferred into the Capital Fund.

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

Note 16 – Construction and Contractual Commitments

The Village received a grant from Ohio Public Works Commission for \$177,500 (fifty percent of the \$355,000 project) for the Hinsdale Road East Extension. The bid accepted for the engineering was \$45,500 from CT Consultants and Tri Mor Corporations for the Construction at \$316,626. In 2011 \$41,797 was paid for the Engineering. The construction costs of \$152,774 were paid to Tri Mor.

The amount of the project remaining for completion in 2012 is \$3,703 for engineering and \$163,852 for the construction costs.

Note 17 – Contingent Liabilities

The Village was not part of any lawsuits during 2011.

Note 18 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League's Joint Self Insurance Pool through Dawson Insurance Company. The Village also participates in the Ohio Municipal League's Worker's Comp Group Rating Pool with CompManagement as the pool administrator.

The Ohio Municipal League was incorporated as an Ohio non-profit corporation in 1952 by city and village officials who saw the need for a statewide association to serve the interests of Ohio municipal government. The Ohio Municipal League is governed by a Board of Trustees, elected by the membership. The Board consists of all past presidents of the League, as long as they are municipal officials, and 28 Trustees elected for two-year terms. Of the 28 Trustees, at least one must be: the mayor of a city or village; a city manager; a fiscal officer or finance director; a solicitor or director of law; a member of a municipal legislative body, other than the mayor. The Board is the policy-making body and appoints an Executive Director to manage the League under their general direction.

The Ohio Municipal Joint Self Insurance Pool was established in 1987 to provide municipal corporations coverage in the areas of general liability including public officials and police, auto liability and property. The pool is an unincorporated tax exempt non-profit organization, governed by its member municipalities. The pool is sponsored by the Ohio Municipal League and administered and operated by JWF Specialty Company.

The Workers' Comp. Group Rating Pool - Established in 1991 as the result of a state law change, this program offers members of the League who qualify for and join the pool an opportunity to reduce their annual workers comp premiums. In addition the members receive assistance with claims administration from CompManagement, Inc, the plan administrator.

Note 19 – Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the General Fund, Ambulance Fund, Capital Improvements Fund, OPWC Grant Fund, and all other governmental funds are presented below:

Village of Hiram
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 19 – Fund Balance (Continued)

Fund Balances	General	Ambulance	Capital Projects	OPWC Grant	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>						
Unclaimed Monies	\$ 280	\$ -	\$ -	\$ -	\$ -	\$ 280
<i>Total Nonspendable</i>	<u>280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280</u>
<i>Restricted for</i>						
OPWC Hindsale Road Ext. Grant	-	-	-	79,463	-	79,463
Bond Repayment	-	-	-	-	244	244
Grant for Energy Efficiency	-	-	-	-	882	882
Grant for Farmland Preservation	-	-	-	-	1,037	1,037
Grant	-	-	-	-	861	861
Road Maintenance and Repairs	-	-	-	-	33,998	33,998
Police Operations	-	-	-	-	590	590
Fire Operations	-	-	-	-	4,250	4,250
Emergency Medical Services	-	173,638	-	-	94	173,732
Drug and Alcohol Education	-	-	-	-	4,538	4,538
Cemetery	-	-	-	-	22,364	22,364
<i>Total Restricted</i>	<u>-</u>	<u>173,638</u>	<u>-</u>	<u>79,463</u>	<u>68,858</u>	<u>321,959</u>
<i>Committed to</i>						
Capital Projects	-	-	157,291	-	-	157,291
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>157,291</u>	<u>-</u>	<u>-</u>	<u>157,291</u>
<i>Assigned to</i>						
Fiscal Year 2012 Appropriations	61,937	-	-	-	-	61,937
<i>Total Assigned</i>	<u>61,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,937</u>
<i>Unassigned</i>						
	819,890	-	-	-	-	819,890
Total Fund Balances	<u>\$ 882,107</u>	<u>\$ 173,638</u>	<u>\$ 157,291</u>	<u>\$ 79,463</u>	<u>\$ 68,858</u>	<u>\$ 1,361,357</u>

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hiram, Portage County, (the Village) as of and for the year ended December 31 2011, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 15, 2012, wherein we noted the Village adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54). We also noted the Government processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

Dave Yost
Auditor of State

June 15, 2012



Dave Yost • Auditor of State

VILLAGE OF HIRAM

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 12, 2012