



Dave Yost • Auditor of State



VILLAGE OF ALGER  
HARDIN COUNTY

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# Dave Yost • Auditor of State

Village of Alger  
Hardin County  
P.O. Box 400  
Alger, Ohio 45812

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Dave Yost**  
Auditor of State

November 23, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Alger  
Hardin County  
P.O. Box 400  
Alger, Ohio 45812

To the Village Council:

We have audited the accompanying financial statements of the Village of Alger, Hardin County, (the Village) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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. The Auditor of State served during the years ended December 31, 2010 and 2009 as the Village's financial supervisor under Ohio Revised Code § 118.05 (G). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State may assume broad management powers, duties and functions under Ohio Revised Code §118.04. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 118.05 (G) requires the Auditor of State to provide these supervisory services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described in Note 10, on August 9, 2005, the Village of Alger was placed in fiscal emergency by the State of Ohio pursuant to Ohio Revised Code Sections 118.03(A)(5), 118.03(A)(6), and 118.03(B). A fiscal emergency commission was appointed to oversee the financial affairs of the Village, as required by Ohio Revised Code § 118,05(G), the Auditor of State served as the Village's financial supervisor.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Alger, Hardin County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011, 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.



**Dave Yost**  
Auditor of State

November 23, 2011



**VILLAGE OF ALGER  
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$14,670	\$6,968	\$21,638
Municipal Income Tax	44,334		44,334
Intergovernmental	22,319	34,967	57,286
Special Assessments		18,681	18,681
Fines, Licenses and Permits	4,090		4,090
Earnings on Investments	714		714
Miscellaneous	3,655	392	4,047
Total Cash Receipts	<u>89,782</u>	<u>61,008</u>	<u>150,790</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Security of Persons and Property		13,297	13,297
Leisure Time Activities	4,595		4,595
Transportation		23,973	23,973
General Government	62,457		62,457
Capital Outlay	455		455
Total Cash Disbursements	<u>67,507</u>	<u>37,270</u>	<u>104,777</u>
 Total Receipts Over Disbursements	 <u>22,275</u>	 <u>23,738</u>	 <u>46,013</u>
 Fund Cash Balances, January 1	 <u>40,852</u>	 <u>110,455</u>	 <u>151,307</u>
 Fund Cash Balances, December 31	 <u><u>\$63,127</u></u>	 <u><u>\$134,193</u></u>	 <u><u>\$197,320</u></u>
 Reserve for Encumbrances, December 31	 <u><u>\$862</u></u>	 <u><u>\$357</u></u>	 <u><u>\$1,219</u></u>

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

**VILLAGE OF ALGER  
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>Operating Cash Receipts:</b>	
Charges for Services	\$277,234
Miscellaneous	1,600
Total Operating Cash Receipts	<u>278,834</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	56,425
Employee Fringe Benefits	9,095
Contractual Services	88,951
Supplies and Materials	37,004
Other	1,193
Total Operating Cash Disbursements	<u>192,668</u>
Operating Income	<u>86,166</u>
<b>Non-Operating Cash Receipts:</b>	
Special Assessments	<u>7,807</u>
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	65,003
Interest and Other Fiscal Charges	38,660
Total Non-Operating Cash Disbursements	<u>103,663</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	(9,690)
Transfers-In	135,926
Transfers-Out	<u>(135,926)</u>
Net Receipts (Under) Disbursements	(9,690)
Fund Cash Balances, January 1	<u>265,553</u>
Fund Cash Balances, December 31	<u><u>\$255,863</u></u>
Reserve for Encumbrances, December 31	<u><u>\$1,441</u></u>

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

**VILLAGE OF ALGER  
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$16,514	\$7,114	\$23,628
Municipal Income Tax	42,962		42,962
Intergovernmental	21,779	33,875	55,654
Special Assessments		18,553	18,553
Fines, Licenses and Permits	6,941		6,941
Earnings on Investments	4,128		4,128
Miscellaneous	6,828		6,828
Total Cash Receipts	<u>99,152</u>	<u>59,542</u>	<u>158,694</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Security of Persons and Property	5,306	12,124	17,430
Leisure Time Activities	8,836		8,836
Transportation		26,981	26,981
General Government	68,171		68,171
Capital Outlay	6,797		6,797
Total Cash Disbursements	<u>89,110</u>	<u>39,105</u>	<u>128,215</u>
Total Receipts Over Disbursements	<u>10,042</u>	<u>20,437</u>	<u>30,479</u>
Fund Cash Balances, January 1	<u>30,810</u>	<u>90,018</u>	<u>120,828</u>
Fund Cash Balances, December 31	<u>\$40,852</u>	<u>\$110,455</u>	<u>\$151,307</u>
Reserve for Encumbrances, December 31	<u>\$499</u>	<u>\$84</u>	<u>\$583</u>

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

**VILLAGE OF ALGER  
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$259,253		\$259,253
Miscellaneous	194		194
Total Operating Cash Receipts	<u>259,447</u>		<u>259,447</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	47,154		47,154
Employee Fringe Benefits	8,047		8,047
Contractual Services	55,126		55,126
Supplies and Materials	33,695		33,695
Other	3,392		3,392
Total Operating Cash Disbursements	<u>147,414</u>		<u>147,414</u>
Operating Income	<u>112,033</u>		<u>112,033</u>
<b>Non-Operating Cash Receipts:</b>			
Special Assessments	7,327		7,327
Other Financing Sources		\$4,000	4,000
Total Non-Operating Cash Receipts	<u>7,327</u>	<u>4,000</u>	<u>11,327</u>
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	60,851		60,851
Interest and Other Fiscal Charges	40,463		40,463
Other Financing Use		4,000	4,000
Total Non-Operating Cash Disbursements	<u>101,314</u>	<u>4,000</u>	<u>105,314</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	18,046		18,046
Transfers-In	87,229		87,229
Transfers-Out	<u>(87,229)</u>		<u>(87,229)</u>
Net Receipts Over/(Under) Disbursements	18,046		18,046
Fund Cash Balances, January 1	<u>247,507</u>		<u>247,507</u>
Fund Cash Balances, December 31	<u>\$265,553</u>		<u>\$265,553</u>
Reserve for Encumbrances, December 31	<u>\$482</u>	<u>\$0</u>	<u>\$482</u>

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

**VILLAGE OF ALGER  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Alger, Hardin County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village maintains streets and highways, provides water and sewer utilities and park operations. The Village contracts with the Hardin County Sheriff's department to provide security of persons and property.

The Village participates in two jointly governed organizations and the Ohio Government Risk Management Plan public entity risk pool. Notes 8 and 9 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Hardin County Regional Planning Commission – The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County.

Upper Scioto Valley Ambulance District – This District provides emergency medical services to members within the District.

Public Entity Risk Pool:

Ohio Government Risk Management Plan – provides property and casualty coverage for its members.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

**D. Fund Accounting**

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

**VILLAGE OF ALGER  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**Street Construction, Maintenance and Repair Fund** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**Street Light Assessment Fund** – This fund receives assessments from property owners to pay for Village street lighting.

**3. Enterprise Funds**

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

**Water Operating Fund** - This fund receives charges for services from residents to cover water service costs.

**Water Improvement Fund** - This fund receives charges for services from residents for repayment of loans related to water plant improvements.

**Sewer Operating Fund** - This fund receives charges for services from residents to cover sewer service costs.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government.

The Village's Fire Deposit agency fund accounts for deposits held to assure the clean-up of properties damaged by fire.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources.

**VILLAGE OF ALGER  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<b>2010</b>	<b>2009</b>
Demand deposits	\$278,492	\$242,551
Certificates of deposit	174,691	174,309
Total deposits	\$453,183	\$416,860

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

<b>2010 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 90,582	\$ 89,782	(\$ 800)
Special Revenue	57,900	61,008	3,108
Enterprise	352,800	422,567	69,767
Total	\$501,282	\$573,357	\$72,075

**VILLAGE OF ALGER  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2010 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 89,939	\$ 68,369	\$ 21,570
Special Revenue	68,657	37,627	31,030
Enterprise	546,565	433,698	112,867
Total	<u>\$705,161</u>	<u>\$539,694</u>	<u>\$165,467</u>

<b>2009 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$135,305	\$ 99,152	(\$ 36,153)
Special Revenue	56,900	59,542	2,642
Enterprise	482,100	354,003	(128,097)
Fiduciary	4,000	4,000	
Total	<u>\$678,305</u>	<u>\$516,697</u>	<u>(\$161,608)</u>

<b>2009 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$131,572	\$ 89,609	\$ 41,963
Special Revenue	37,500	39,189	(1,689)
Enterprise	499,221	336,439	162,782
Fiduciary	4,000	4,000	
Total	<u>\$672,293</u>	<u>\$469,237</u>	<u>\$203,056</u>

The Village did not properly certify all expenditures as required by Ohio Revised Code Section 5705.41 (D).

**4. PROPERTY TAX**

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

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

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

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



**VILLAGE OF ALGER  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Beginning in January 2007 the Village's income tax was administered by the City of Cleveland Central Collection Agency.

**6. DEBT**

Debt outstanding at December 31, 2010 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Sanitary Sewer Construction Bonds	\$ 56,000	5%
Sanitary Sewerage First Mortgage Revenue Bonds	199,000	5%
Ohio Water Development Authority Loan #3627	1,029,093	2%
Ohio Water Development Authority Loan #4241	196,078	2%
Ohio Public Works Commission	49,935	0%
Total	<b>\$1,530,106</b>	

**The \$170,800 Sanitary Sewerage System Construction Bonds** were issued during 1984 to construct a sanitary sewage system payable with special assessments levied upon property owners. Principal and interest payments are due annually with the final payment being due in 2024. The Village is required to place the funds derived from said levy in a separate and distinct fund and make the principal and interest payments there from.

**The \$345,000 Sanitary Sewerage First Mortgage Revenue Bonds** were issued during 1984 for the purpose of paying a portion of the construction of a sanitary sewage system and acquiring real estate in connection therewith payable from user fees. Principal and interest are due annually, with the final payment being due in 2024. The debt agreement requires the following funds be established so long as any bond remains unpaid: Sanitary Sewerage System Revenue Fund, Sanitary Sewerage System Debt Service Fund, Sanitary Sewerage System Surplus Fund, and Sanitary Sewerage System Reserve Fund. User fees collected are to be posted to the Revenue Fund in an amount to pay all reasonable and proper expenses of operating and maintaining the utility; to the Debt Service Fund on the first day of each month, the equal monthly amount necessary to provide for the payment of the interest and principal due on the next ensuring payment date upon all bonds outstanding; such sum monthly to make up any previous deficiency in monthly allocation required to be accumulated in the Revenue Fund and/or Debt Service Fund as provided above; to the Debt Reserve Fund, an amount equal to \$163 monthly up to a maximum of \$419,560; and annually on January 15, any excess revenues available in the Revenue Fund, after making all required payments required previously, to be transferred to the Surplus Fund.

The debt agreement also requires that interest on any moneys or investments in any fund authorized herein shall be credited to the fund containing the moneys or investments on which the interest was earned. In addition, the debt agreement states there shall be charged such rates as shall be required to meet the above requirements and that the Village is to be audited annually and is to furnish a copy of each audit to the FMHA.

**VILLAGE OF ALGER  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) Loan #3627 was approved on February 28, 2002 for the design, construction, maintenance and operation of a new water treatment plant in the amount of \$1,281,717 with interest at the rate of two (2%) percent per annum for a period of thirty (30) years. The first payment was due on July 1, 2003, payable from water user fees. Principal and interest payments are due semi-annually with the final payment being due in 2033.

The Ohio Water Development Authority (OWDA) Loan #4241 was approved on October 28, 2004 for the replacement of a waterline in the amount of \$260,852 with interest at the rate of two (2%) percent per annum for a period of twenty (20) years. The first payment was due on January 1, 2006, payable from water user fees. Principal and interest payments are due semi-annually with the final payment being due in 2025.

The Ohio Public Works Commission Loan (OPWC) was approved in July 2000 in the amount of \$479,896 with a 0% interest rate, for water treatment improvements. The first payment was due on July 1, 2003, payable from water user fees. Principal payments are due annually with the final payment being due in 2023.

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

<u>Year ending December 31:</u>	<u>Sanitary Sewer Construction Bonds</u>	<u>Sanitary Sewer First Mortgage Bonds</u>	<u>OWDA #3627</u>	<u>OWDA #4241</u>	<u>OPWC</u>
2011	\$ 6,800	\$ 19,950	\$ 57,022	\$ 15,195	\$ 3,995
2012	6,600	20,450	57,022	15,195	3,995
2013	6,400	19,900	57,022	15,195	3,995
2014	6,200	20,350	57,022	15,195	3,995
2015	6,000	19,750	57,022	15,195	3,995
2016-2020	27,000	100,900	285,111	75,975	19,975
2021-2025	18,000	80,050	285,111	75,975	9,985
2026-2030			285,111		
2031-2033			142,555		
Total	<u>\$77,000</u>	<u>\$281,350</u>	<u>\$1,282,998</u>	<u>\$227,925</u>	<u>\$49,935</u>

**7. RETIREMENT SYSTEMS**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

Five Council members and one Board of Public Affairs member have elected to contribute to Social Security instead of participating in OPERS. The Village's liability for social security is 6.2% of wages paid.

**VILLAGE OF ALGER  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. RISK MANAGEMENT**

**Risk Pool Membership**

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF ALGER  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	\$ 7,191,485	\$ 300,035	\$ 6,323,701	\$ 105,185

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. JOINTLY GOVERNED ORGANIZATIONS**

**A. The Hardin County Regional Planning Commission** (the Commission) is a joint venture between the County, the Municipalities, and the Villages within Hardin County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Village is represented by one member.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained by contacting Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326

**B. The Upper Scioto Valley Ambulance District** (the District) is a jointly governed entity governed by a five-member Board of Trustees. Each political subdivision within the District appoints one member. Those subdivisions are Marion Township, McDonald Township, Roundhead Township, the Village of McGuffey, and the Village of Alger, in Hardin County. The District provides ambulance services within the District. Financial information can be obtained by contacting the Clerk at P.O. Box 83 Alger, Ohio 45812

**10. FISCAL EMERGENCY**

The Village had negative fund balances at December 31, 2004 in the General Fund, the Street Construction, Maintenance and Repair Fund, the Street Light Assessment Fund, the Water Operating Fund, and the Sewer Operating Fund in the amount of \$49,185, \$20,966, \$14,727, \$35,867, and \$64,869, respectively. As a result, the Village requested, and was placed in Fiscal Emergency on August 9, 2005. As of December 31, 2010, the Village did not have any funds with a deficit balance.



# 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 Alger  
Hardin County  
P.O. Box 400  
Alger, Ohio 45812

To the Village Council:

We have audited the financial statements of the Village of Alger, Hardin County (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated November 23, 2011 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted 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. The Auditor of State served during the years ended December 31, 2010 and 2009 as the Village's financial supervisor under Ohio Revised Code § 118.05 (G). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State may assume broad management powers, duties and functions under Ohio Revised Code § 118.04. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 118.05 (G) requires the Auditor of State to provide these supervisory services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate 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*.

### 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 opinion 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.

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

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**Internal Control Over Financial Reporting  
(Continued)**

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-01 and 2010-02 as described in the accompanying schedule of findings to be material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-02 through 2010-010.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 23, 2011.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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.



**Dave Yost**  
Auditor of State

November 23, 2011

**VILLAGE OF ALGER  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

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

**FINDING NUMBER 2010-01**

**Material Weakness**

**Accuracy of Financial Reporting**

The Village should have procedures and controls in place to help assure that all financial transactions are correctly recorded in the accounting records and financial statements to assist in reporting of financial activity and effective management of resources.

During 2009, adjustments were made to decrease the beginning fund balance for the General Fund, the Street Construction Fund, the State Highway Fund, the Sewer Operating Fund, and the Water Operating Fund in the amount of \$2,223, \$388, \$15, \$1,229, and \$448 for the beginning January 1 balances to agree to the prior year audited ending balances. These adjustments were necessary to properly account for voided checks and withholdings.

Additionally, during 2010 and 2009, the Village accounted for the activity related to the Sewer Construction Bonds as Governmental Debt Service Fund instead of an Enterprise Debt Service Fund. The accompanying financial statements and accounting records have been adjusted to reflect this Debt Service Fund as an Enterprise Fund. Beginning fund balances receipts, disbursements, and ending fund balances were adjusted by \$1,500, \$12,939, \$7,143, and \$7,296 for 2010, and by \$1,589, \$7,145, \$7,234, and \$1,500 for 2009.

The failure to correctly classify financial activity in the accounting records and financial statements may impact a user's understanding of the financial operations, the Village's ability to make sound financial decisions, the Village's ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner by the Members of Council.

The Fiscal Officer should review the Ohio Village Officer's Handbook, Auditor of State Bulletins, and other resources for guidance in correctly classifying receipts and funds. Periodically, the Village Council and/or finance committee should perform a review of the accounting records to help identify errors and/or irregularities in a timely manner and prior to completion of the annual financial statements.

**OFFICIALS' RESPONSE:**

The Fiscal Officer has been using the Villages Chart of Accounts and past history sometimes in determining these items. When not sure the Fiscal Officer has contacted LGS for assistance.

**FINDING NUMBER 2010-02**

**Material Weakness/Noncompliance Citation**

**Ohio Rev. Code, Section 5705.10 (D)**, requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

During 2010, the Village recorded a local government receipt in the amount of \$1,479 in the Water Operating and Sewer Operating Funds instead of the General Fund; recorded a refund from IRS in the amount of \$767 in the Water Operating and Sewer Operating Funds instead of the General Fund; recorded a vehicle registration municipal permissive tax receipt in the amount of \$955 in the Street Construction and State Highway Funds instead of the Permissive Motor Vehicle License Tax Fund, and recorded delinquent water and sewer receipts of \$5,072 in the Sewer Debt Service Fund instead of the Water Operating and Sewer Operating Funds. During 2009, the Village recorded homestead and rollback receipt in the amount of \$1,479 in the Street Construction and State Highway Funds instead of the General Fund; recorded a state and local highway distribution receipt in the amount of \$647 in the General Fund instead of the Street Construction and State Highway Funds; and recorded a gasoline excise tax receipt in the amount of \$115 in the Street Construction Fund instead of the State Highway Fund.

The accounting records and accompanying financial statements have adjusted to correct these recording errors. The required adjustments had the following effect upon the respective fund balances:

<b>2010</b>	<b>Fund</b>	<b>Amount</b>	<b>2009</b>	<b>Fund Type</b>	<b>Amount</b>
	General	\$2,246		General	\$832
	Street Construction	(883)		Street Construction	(885)
	State Highway Fund	(72)			
	Sewer Debt Service Fund	(5,072)			
	Permissive Motor Vehicle License Tax	955		State Highway	53
	Water Operating	1,412			
	Sewer Operating	1,414			

The Village Fiscal Officer should utilize resources such as Chapter 1 of the Ohio Compliance Supplement and the Village Handbook to provide guidance on the recording of revenues. In addition, the Village Council and/or finance committee should utilize monitoring procedures such as the review of monthly financial reports to help assure that revenues are recorded in the correct fund.

**OFFICIALS' RESPONSE:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2010-03**

**Finding for Recovery / Partially Repaid Under Audit**

**Ordinance 2001-9** states the members of the Alger Village Council shall be compensated at the rate of seventy-five dollars per regular meeting, limited to two regular meetings per month. Members of Council are required to attend said meetings in order to receive compensation.

- Council Member, Larry Hattery, attended twenty-four Council meetings during 2009 however he was compensated for attending twenty-five meetings. As a result, an overpayment of \$75 occurred.
- Council Member, Betty Mann, attended twenty-two Council meetings during 2009; however, she was compensated for attending twenty-three meetings. As a result, an overpayment of \$75 occurred.
- Council Member, Phyllis Coburn, attended twenty-three Council meetings during 2009 however she was compensated for attending twenty-four meetings. As a result, an overpayment of \$75 occurred. On November 18, 2011 Phyllis Coburn repaid this finding with check number 2400.



**FINDING NUMBER 2010-03  
(Continued)**

- Council Member, Morris Lawrence, attended twenty-three Council meetings during 2009 however he was compensated for attending twenty-five meetings. As a result, an overpayment of \$150 occurred. On November 16, 2011 Morris Lawrence repaid this finding with check number 7835.
- Council Member, Mike Miller, attended ten Council meetings during 2010 however he was compensated for attending twelve meetings. As a result, an overpayment of \$150 occurred. On October 26, 2011 Mike Miller repaid this finding with check number 2798.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the following individuals: Larry Hattery \$75; and Betty Mann \$75; and in favor of the Village of Alger's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

The former Fiscal Officer Jackie Prine signed the check for Larry Hattery resulting in the improper payment. Accordingly, Jackie Prine and her bonding company, Selective Insurance Company of America, will be jointly and severally liable in the amount of \$75 and in favor of the General Fund to the extent that recovery is not obtained from Larry Hattery.

The former Fiscal Officer Jackie Prine signed the check for Betty Mann resulting in the improper payment. Accordingly, Jackie Prine and her bonding company, Selective Insurance Company of America, will be jointly and severally liable in the amount of \$75 and in favor of the General Fund to the extent that recovery is not obtained from Betty Mann.

**OFFICIALS' RESPONSE:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2010-04**

**Finding for Recovery**

**Ordinance 94-09** states the members of the Board of Public Affairs shall be compensated at the rate of fifty dollars per meeting per member, limited to two meetings per month. Members will be required to attend the meetings in order to be compensated.

- Tom Dunifon attended six meetings however he was compensated for seven meetings resulting in an overpayment of \$50.
- Don Webb attended 20 meetings however he was compensated for 23 meetings resulting in an overpayment of \$150.
- Korri Shepherd attended two meetings however she was compensated for three meetings resulting in an overpayment of \$50.
- Juanita Downing attended 16 meetings however she was compensated for 17 meetings resulting in an overpayment of \$50.
- Kenny Prater attended 11 meetings however he was compensated for 14 meetings resulting in an overpayment of \$150.

**FINDING NUMBER 2010-04  
(Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the following individuals: Tom Dunifon \$50; Don Webb \$150; Korri Shepherd \$50; Juanita Downing \$50; and Kenny Prater \$150 and in favor of the Village of Alger Water Operating Fund in the amount of \$225 and Sewer Operating Fund in the amount of \$225.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Board of Public Affairs Clerk Christina Donnal signed the check for Thomas Dunifon resulting in the improper payment. Accordingly, Christina Donnal and her bonding company Selective Insurance Company of America, will be jointly and severally liable in the amount of \$50 and in favor of the Water Operating Fund and Sewer Operating Fund to the extent that recovery is not obtained from Tom Dunifon.

Fiscal Officer Ramona Mahoney signed the check(s) for Don Webb resulting in the improper payment. Accordingly, Ramona Mahoney and her bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$150 and in favor of the Water Operating Fund and Sewer Operating Fund to the extent that recovery is not obtained from Don Webb.

BPA Clerk Christina Donnal signed the check(s) for Korri Shepherd resulting in the improper payment. Accordingly, Christina Donnal and her bonding company, Selective Insurance Company of America, will be jointly and severally liable in the amount of \$50 and in favor of the Water Operating Fund and Sewer Operating Fund to the extent that recovery is not obtained from Korri Shepherd.

Fiscal Officer Ramona Mahoney signed the check for Juanita Downing resulting in improper payment. Accordingly, Ramona Mahoney and her bonding company Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$50 and in favor of the Water Operating Fund and Sewer Operating Fund to the extent that recovery is not obtained from Juanita Downing.

Fiscal Officer Ramona Mahoney signed the check(s)for Kenny Prater resulting in the improper payment. Accordingly, Ramona Mahoney and her bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$150 and in favor of the Water Operating Fund and Sewer Operating Fund to the extent that recovery is not obtained from Kenny Prater.

**OFFICIALS' RESPONSE:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2010-05**

**Finding for Recovery / Repaid Under Audit**

**Village of Alger minutes dated November 8, 2010**, indicated that the Village had received and accepted an offer of \$250 for the sale of their camouflage Chevrolet Blazer to a Village citizen ("Citizen"). A verbal agreement was entered into between the citizen who purchased the camouflage Chevrolet Blazer and Village of Alger Townman Billie Shepherd. In exchange for the citizen's personal vehicle, Townman Billie Shepherd agreed to be responsible for paying the Village the \$250 the Citizen owed for the Chevrolet Blazer.

Pursuant to an oral agreement between Townman Shepherd and the Village of Alger, Townman assumed the \$250 debt owed for the sale of the camouflage Chevrolet Blazer. Townman Shepherd paid \$50 with receipt number 365400 on November 20, 2010 resulting in an unpaid balance of December 31, 2010 of \$200. He subsequently paid \$50 on April 11, 2011 with receipt number 365417; \$25 on April 28, 2011 with receipt number 365420; \$25 on May 18, 2011 with receipt number 365422; and \$100 on November 23, 2011 with receipt number 365411.

**OFFICIALS' RESPONSE:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2010-06**

**Finding for Recovery**

**Village Council Minutes dated August 6, 2002**, established the Fiscal Officer's salary at \$17,400.

During 2009, the former Fiscal Officer, Jackie Prine, was paid a salary of \$17,922 resulting in an overpayment of \$522.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jackie Prine, and her bonding company Selective Insurance Company of America, jointly and severally, in the amount of \$522 and in favor of the Village of Alger General Fund.

**OFFICIALS' RESPONSE:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2010-07**

**Finding for Recovery / Partially Repaid Under Audit**

**Ordinance 2009-17** states that the Village of Alger, Ohio shall employ for the year 2010 as its Solicitor and his annual salary shall be \$6,000 payable in monthly installments during his service.

During 2010 the Village Solicitor, Jason Miller, received two monthly installments of \$500 for the month of May resulting in an overpayment of \$500. On April 20, 2011, \$136 was withheld from Mr. Miller's paycheck #18635, leaving a balance of \$364 unpaid.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended may be issued against Village Solicitor Jason Miller in the amount of \$364 and in favor of the Village of Alger's General Fund in the amount of \$182, the Water Operating Fund in the amount of \$91, and the Sewer Operating Fund in the amount of \$91.

**FINDING NUMBER 2010-07  
(Continued)**

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Fiscal Officer Ramona Mahoney signed the warrant resulting in the improper payment. Accordingly, Ramona Mahoney and her bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of in the amount of \$364 and in favor of the Village of Alger’s General Fund in the amount of \$182, the Water Operating Fund in the amount of \$91, and the Sewer Operating Fund in the amount of \$91.

**OFFICIALS’ RESPONSE:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2010-08**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **“Then and Now” Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the subdivision can authorize the drawing of a warrant for the payment of the amount due. The subdivision or taxing entity has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the subdivision or taxing entity.

2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account and not running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**FINDING NUMBER 2010-08  
(Continued)**

- 3. Super Blanket Certificate** – The subdivision or taxing entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for six out of sixty or 10% of the expenditures tested in 2010 and 2009, and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Village's Fiscal Officer should certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used. And for those commitments over the \$3,000 threshold, a resolution by Council is needed in order to pay.

The Village should certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied.

The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**OFFICIALS' RESPONSE:**

We will do a Resolution for any expenditures over \$3,000.

**FINDING NUMBER 2010-09**

**Noncompliance Citation**

**Village of Alger Ordinance 2006-2 Establishing the Rates and Charges for Sewer**, states that \$12.15 of each water bill payment shall be applied to sewer operating fund (5201 fund). In addition a sewer debt repayment charge of \$5.75 shall be applied to the sewer debt fund (5721 fund). Village of Alger Ordinance 2006-3 Fixing Rates and Regulations governing Water Service in the Corporate Limits of the Village of Alger and also the Out of Town Service rendered by the Alger Water Department, states present services billed by meter shall be charged \$9.44 per unit for water capital improvement. Village of Alger Ordinance 2007-8 replaced Ordinance 2006-2 and 2006-3; Ordinance 2008-12 replaced Ordinance 2007-8; Ordinance 2009-11 replaced Ordinance 2008-12 and Ordinance 2009-16 replaced Ordinance 2009-11.

Village of Alger Ordinance 2007-8 through Ordinance 2009-16 did not include the \$12.15 or the \$9.44 charge. However, the Village continued to charge one metered customer with thirty-six units \$12.15/unit monthly and \$9.44/unit monthly resulting in billings of \$9,326.88/annually for 2009 and 2010 that were not included in the Ordinance that was in effect during 2009 and 2010. One metered customer with twenty-four units was also charged \$12.15/unit monthly and \$9.44/unit monthly resulting in billings of \$6,217.92/annually for 2009 and 2010. The remaining metered customer was charged \$66.08 monthly for water capital improvement instead of the \$9.44 charged to the other metered customers. At a minimum this metered customer was overcharged \$679.68/annually during 2009 and 2010.

**FINDING NUMBER 2010-09  
(Continued)**

The Village Council and/or finance committee and Board Of Public Affairs should review all sewer and water rate ordinances and current charges to help assure that each customer is being accurately charged. The Village should discuss any billing errors with the customers and take any necessary corrective action as the result of billing errors during 2010 and 2009.

**OFFICIALS' RESPONSE:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2010-10**

**Noncompliance Citation**

**Village of Alger Ordinance Establishing Rates and Charges for the Use and Service of the Municipal Sewage Works for the Village of Alger, County of Hardin, Ohio (88-02)**, states that the school shall pay \$79.38 per month for a debt service and \$0.28 per individual per calendar month for the user charge.

During 2009 and 2010 the school was charged \$90.72/monthly for the user charge for 324 individuals. Beginning in September 2002, the Alger school building was no longer used by students do to the new school being built in McGuffey. Some of the school district's administrative staff had offices in the Alger school building however beginning in February 2009 these offices were moved to the McGuffey building leaving the Alger school building vacant. Beginning in September 2009, the school district opened the Upper Scioto Wind Academy in the Alger school building. However, through all of these changes at the Alger school building the Village never obtained the number of individuals that were occupying the Alger school building and continued to charge at 324 individuals which appears to have resulted in overcharges for 2010 and 2009.

The Village Council and/or finance committee and Board of Public Affairs should review all sewer and water rate ordinances and current charges to help assure that each customer is being accurately charged. The Village should discuss the billing errors with the school and take any necessary corrective action as the result of billing errors during 2010 and 2009.

**OFFICIALS' RESPONSE:**

We will contact the school and discuss with them the overcharges and make corrections.

**VILLAGE OF ALGER  
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Ohio Rev. Code Section 5705.36(A)(4) – The Village did not request decreased amended certificates of estimated resources when required.	No	Repeated in management letter.

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# Dave Yost • Auditor of State

VILLAGE OF ALGER

HARDIN 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  
DECEMBER 20, 2011