



Certified Public Accountants, A.C.

**VILLAGE OF ALGER  
HARDIN COUNTY  
Regular Audit  
For the Years Ended December 31, 2018 and 2017**

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Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
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740 695 1569

1310 Market St., #300  
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304 232 1358

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Cambridge, OH 43725  
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OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council  
Village of Alger  
207 Angle Street  
Alger, Ohio 45812

We have reviewed the *Independent Auditor's Report* of the Village of Alger, Hardin County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 4, 2019

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VILLAGE OF ALGER  
HARDIN COUNTY

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## INDEPENDENT AUDITOR'S REPORT

June 18, 2019

Village of Alger  
Hardin County  
207 Angle Street  
Alger, Ohio 45812

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the **Village of Alger**, Hardin County, (the Village) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, or the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Alger, Hardin County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF ALGER  
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 12,051	\$ 7,840	\$ 19,891
Municipal Income Tax	57,054	-	57,054
Intergovernmental	21,332	34,481	55,813
Special Assessments	-	15,818	15,818
Fines, Licenses and Permits	6,248	-	6,248
Earnings on Investments	1,043	206	1,249
Miscellaneous	6,882	408	7,290
<i>Total Cash Receipts</i>	<u>104,610</u>	<u>58,753</u>	<u>163,363</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	-	19,044	19,044
Public Health Services	1,622	-	1,622
Leisure Time Activities	11,200	-	11,200
Transportation	-	37,210	37,210
General Government	76,978	-	76,978
Capital Outlay	-	9,514	9,514
<i>Total Cash Disbursements</i>	<u>89,800</u>	<u>65,768</u>	<u>155,568</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,810</u>	<u>(7,015)</u>	<u>7,795</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	5,800	5,800
Transfers Out	(4,500)	-	(4,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,500)</u>	<u>5,800</u>	<u>1,300</u>
<i>Net Change in Fund Cash Balances</i>	10,310	(1,215)	9,095
<i>Fund Cash Balances, January 1</i>	<u>164,731</u>	<u>90,396</u>	<u>255,127</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	89,181	89,181
Assigned	9,503	-	9,503
Unassigned	165,538	-	165,538
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 175,041</b></u>	<u><b>\$ 89,181</b></u>	<u><b>\$ 264,222</b></u>

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

**VILLAGE OF ALGER  
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 309,592
Miscellaneous	400
	309,992
<i>Total Operating Cash Receipts</i>	<i>309,992</i>
<b>Operating Cash Disbursements</b>	
Personal Services	71,117
Employee Fringe Benefits	13,513
Contractual Services	51,955
Supplies and Materials	143,463
	280,048
<i>Total Operating Cash Disbursements</i>	<i>280,048</i>
<i>Operating Income</i>	<i>29,944</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	8,715
Principal Retirement	(77,115)
Interest and Other Fiscal Charges	(24,297)
	(92,697)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(92,697)</i>
<i>(Loss) before Transfers</i>	<i>(62,753)</i>
Transfers In	86,517
Transfers Out	(87,817)
	(64,053)
<i>Net Change in Fund Cash Balances</i>	<i>(64,053)</i>
<i>Fund Cash Balances, January 1</i>	<i>284,209</i>
<i>Fund Cash Balances, December 31</i>	<b><i>\$ 220,156</i></b>

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

**Village of Alger, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

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

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in jointly governed organizations and a public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all Village fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

***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 Fund*** The water fund accounts for the provision of water treatment and distribution 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.

**Village of Alger, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2018 budgetary activity appears in Note 3.

***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.

***Capital Assets***

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

***Accumulated Leave***

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

**Village of Alger, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

**Village of Alger, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 95,304	\$ 104,610	\$ 9,306
Special Revenue	57,900	64,553	6,653
Enterprise	367,300	405,224	37,924
Total	\$ 520,504	\$ 574,387	\$ 53,883

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 102,576	\$ 98,014	\$ 4,562
Special Revenue	73,700	66,093	7,607
Enterprise	522,370	470,548	51,822
Total	\$ 698,646	\$ 634,655	\$ 63,991

**Note 4 - Deposits**

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

	2018
Demand deposits	\$ 306,586
Certificates of deposit	177,792
Total deposits	\$ 484,378

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Village of Alger, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of 1 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.

**Note 6 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 is legally separate from its member governments.

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.

OPRM coverage programs 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 764 members as of December 31, 2017 (the latest information available).

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, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 - Risk Management (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (the latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 14% of their gross salaries and the Village contributed an amount equaling 10% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member directed plan was 4.0 percent during calendar year 2018.



**Village of Alger, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest
Sanitary Sewer Construction Bonds	\$ 24,000	5.00%
Sanitary Sewerage First Mortgage Revenue Bonds	102,000	5.00%
Ohio Water Development Authority Loan #3627	714,653	2.00%
Ohio Water Development Authority Loan #4241	98,799	2.00%
Ohio Public Works Commission	17,978	0.00%
Total	\$ 957,430	

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 Debt Service is paid from the Sewer Operating Fund.

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. The Debt Services is paid from the Sewer Debt Retirement 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, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 9 – 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 Debt Service is paid from the Water Improvement Fund. 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 Debt Service is paid from the Water Improvement Fund. 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. The Debt Service is paid from the Water Improvement Fund.

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

Year ending December 31:	Sanitary Sewer Construction Bonds	Sanitary Sewer First Mortgage Bonds	OWDA #3627	OWDA #4241	OPWC
2019	\$ 5,200	\$ 20,000	\$ 57,022	\$ 15,195	\$ 3,995
2020	5,000	20,000	57,022	15,195	3,995
2021	4,800	20,000	57,022	15,195	3,995
2022	4,600	20,000	57,022	15,195	3,995
2023	14,600	39,800	57,022	45,586	1,998
2024-2028	-	-	285,111	-	-
2029-2033	-	-	256,599	-	-
Total	<u>\$ 34,200</u>	<u>\$ 119,800</u>	<u>\$ 826,820</u>	<u>\$ 106,366</u>	<u>\$ 17,978</u>

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Joint Governed Ventures**

**The Hardin County Regional Planning Commission** (the Commission) is a jointly governed organization 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

**Village of Alger, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 11 – Jointly Governed Organizations (Continued)**

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and services 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 the Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

***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.

**Note 12 – Transfers**

Transfers were made from the water and sewer operating funds to debt service funds to comply with the debt covenants. All transfers were determined to be in compliance with the Ohio Revised Code.

**VILLAGE OF ALGER  
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 13,712	\$ 7,828	\$ 21,540
Municipal Income Tax	54,707	-	54,707
Intergovernmental	21,195	33,145	54,340
Special Assessments	-	17,876	17,876
Fines, Licenses and Permits	5,447	-	5,447
Earnings on Investments	383	135	518
Miscellaneous	49,639	-	49,639
<i>Total Cash Receipts</i>	<u>145,083</u>	<u>58,984</u>	<u>204,067</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	-	18,219	18,219
Public Health Services	1,632	-	1,632
Leisure Time Activities	4,663	-	4,663
Transportation	-	53,343	53,343
General Government	84,509	-	84,509
Capital Outlay	-	10,882	10,882
<i>Total Cash Disbursements</i>	<u>90,804</u>	<u>82,444</u>	<u>173,481</u>
<i>Net Change in Fund Cash Balances</i>	54,279	(23,460)	30,586
<i>Fund Cash Balances, January 1</i>	<u>110,452</u>	<u>113,856</u>	<u>224,308</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	90,396	90,396
Assigned	454	-	454
Unassigned	164,277	-	164,277
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 164,731</b></u>	<u><b>\$ 90,396</b></u>	<u><b>\$ 255,127</b></u>

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

**VILLAGE OF ALGER  
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 313,353
Miscellaneous	79
	<u>313,432</u>
<i>Total Operating Cash Receipts</i>	<u>313,432</u>
<b>Operating Cash Disbursements</b>	
Personal Services	75,509
Employee Fringe Benefits	12,366
Contractual Services	65,027
Supplies and Materials	70,106
	<u>223,008</u>
<i>Total Operating Cash Disbursements</i>	<u>223,008</u>
<i>Operating Income</i>	90,424
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	7,775
Principal Retirement	(76,029)
Interest and Other Fiscal Charges	(26,283)
	<u>(94,537)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(94,537)</u>
<i>(Loss) before Transfers</i>	(4,113)
Transfers In	67,850
Transfers Out	(67,850)
	<u>(4,113)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(4,113)</u>
<i>Fund Cash Balances, January 1</i>	<u>288,322</u>
<i>Fund Cash Balances, December 31</i>	<u><u><b>\$ 284,209</b></u></u>

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

**VILLAGE OF ALGER**  
*HARDIN COUNTY*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED DECEMBER 31, 2017*

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**Note 1 – Reporting Entity**

The Village of Alger (the Village), Hardin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general Village services, including water, sewer and electric utilities and park operations. The Village contracts with Hardin County Sheriff's department to provide security of persons and property.

***Jointly Governed Organizations and Public Entity Risk Pools***

The Village participates in jointly governed organizations and a public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all Village fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** - The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has the following significant Special Revenue Funds:

***Street Construction, Maintenance and Repair Fund*** – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets within the Village.

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

**VILLAGE OF ALGER**  
*HARDIN COUNTY*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED DECEMBER 31, 2017*  
*(Continued)*

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

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

**Water Operating Fund** – The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Budgetary Process**

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

**Appropriations** – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations are carried over at year end.

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

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

A summary of 2017 budgetary activity appears in Note 3.

**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.

**VILLAGE OF ALGER**  
*HARDIN COUNTY*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED DECEMBER 31, 2017*  
*(Continued)*

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other Villages; or is imposed by law through constitutional provisions.

***Committed*** – Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Village funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** – Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.



**VILLAGE OF ALGER**  
**HARDIN COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

**Note 3 – Budgetary Activity**

Budgetary activity, including encumbrances, for the year ending December 31, 2017:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 95,304	\$ 145,083	\$ 49,779
Special Revenue	57,900	58,984	1,084
Enterprise	374,100	389,057	14,957
Total	\$ 527,304	\$ 593,124	\$ 65,820

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 123,225	\$ 96,142	\$ 27,083
Special Revenue	91,409	82,932	8,477
Enterprise	445,326	394,675	50,651
Total	\$ 659,960	\$ 573,749	\$ 86,211

**Note 4 - Deposits**

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

	2017
Demand deposits	\$ 363,049
Certificates of deposit	176,287
Total deposits	\$ 539,336

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF ALGER**  
*HARDIN COUNTY*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED DECEMBER 31, 2017*  
*(Continued)*

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**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as InterVillage 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.

***Income Taxes***

The Village levies a municipal income tax of 1% 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 tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 is legally separate from its member governments.

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.

OPRM coverage programs 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 764 members as of December 31, 2017.

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.

**VILLAGE OF ALGER**  
*HARDIN COUNTY*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED DECEMBER 31, 2017*  
*(Continued)*

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**Note 6 – Risk Management**

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. 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, 2017.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1% of the employer contribution to fund these benefits.

**VILLAGE OF ALGER**  
**HARDIN COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
*(Continued)*

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest
Sanitary Sewer Construction Bonds	\$ 28,000	5.00%
Sanitary Sewerage First Mortgage Revenue Bonds	116,000	5.00%
Ohio Water Development Authority Loan #3627	756,749	2.00%
Ohio Water Development Authority Loan #4241	111,821	2.00%
Ohio Public Works Commission	21,975	0.00%
Total	\$ 1,034,545	

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 Debt Service is paid from the Sewer Operating Fund.

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. The Debt Services is paid from the Sewer Debt Retirement 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**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
*(Continued)*

**Note 9 – 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 Debt Service is paid from the Water Improvement Fund. 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 Debt Service is paid from the Water Improvement Fund. 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. The Debt Service is paid from the Water Improvement Fund.

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

Year ending December 31:	Sanitary Sewer Construction Bonds	Sanitary Sewer First Mortgage Bonds	OWDA #3627	OWDA #4241	OPWC
2018	\$ 5,400	\$ 20,000	\$ 57,022	\$ 15,195	\$ 3,995
2019	5,200	20,000	57,022	15,195	3,995
2020	5,000	20,000	57,022	15,195	3,995
2021	4,800	20,000	57,022	15,195	3,995
2022	4,600	20,000	57,022	15,195	3,995
2023-2027	8,600	44,000	285,111	45,586	2,000
2028-2032	-	-	285,111	-	-
2033-2034	-	-	28,511	-	-
Total	<u>\$ 33,600</u>	<u>\$ 144,000</u>	<u>\$ 883,843</u>	<u>\$ 121,561</u>	<u>\$ 21,975</u>

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**VILLAGE OF ALGER**  
*HARDIN COUNTY*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED DECEMBER 31, 2017*  
*(Continued)*

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**Note 11 – Jointly Governed Organizations**

***The Hardin County Regional Planning Commission*** (the Commission) is a jointly governed organization 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.

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***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.

**Note 12 – Transfers**

Transfers were made from the water and sewer operating funds to debt service funds to comply with debt covenants. All transfers were determined to be in compliance with Ohio Revised Code.



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

June 18, 2019

Village of Alger  
Hardin County  
207 Angle Street  
Alger, Ohio 45812

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Alger**, Hardin County (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 18, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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### **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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 18, 2019.

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF ALGER**  
**HARDIN COUNTY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Posting of Receipts and Disbursements	Partially Corrected	Repeated as Management Letter comment
2016-002	Ohio Revised Code Section 5705.41(D) – Certifying Funds Prior to Encumbrance	Partially Corrected	Repeated as Management Letter comment

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# OHIO AUDITOR OF STATE KEITH FABER



**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  
SEPTEMBER 17, 2019**