



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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

Village of Alger  
Hardin County  
207 Angle Street  
PO Box 400  
Alger, Ohio 45812

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of Village of Alger, Hardin County (the Village), on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances recorded in the Fund Status Report to the December 31, 2018 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances recorded in the Fund Status Report to the December 31, 2019 balances in the Fund Status Report. We found no exceptions.
3. We attempted to agree the totals per the bank reconciliation to the total of the December 31, 2020 fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. The amount did not agree. The reconciliation at December 31, 2020 included other adjusting factors totaling \$1,533.69 which included an adjustment for \$1,528.36 for payments that were paid to the Internal Revenue Service twice and an adjustment for \$1.80 related to interest owed to the state of Ohio due to a late payment.

We agreed the totals per the bank reconciliation to the total of the December 31, 2019 fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.

### **Cash and Investments (Continued)**

4. We attempted to confirm the December 31, 2020 bank account balance with the Village's financial institution(s) for the CDARS account held at US Bank. The balance did not agree due to \$936.75 in interest that was earned when the account matured in June of 2020, but was not recorded on the Village's accounting records. We also attempted to agree the confirmed balance to the amounts appearing in the December 31, 2020 bank reconciliation; however, the balances did not agree due to the unrecorded interest of \$936.75.

We observed the year-end bank balances for the checking and certificate of deposit accounts held at US Bank on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception.

5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to December 31. There were no exceptions.
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2020 bank reconciliation:
  - a. We attempted to trace each credit to the subsequent January or February bank statement. The reconciliation included a reconciling credit to reduce the bank balance in the amount of \$543.33 which was not supported as a valid reconciling item and had been present on the reconciliations since 2011. The Fiscal Officer adjusted the accounting records to increase the balance of the general fund by this amount which removes this reconciling item from future reconciliations.
  - b. We attempted to agree the credit amounts to the Receipts Register and determined they were dated prior to December 31. The credit amounts were not able to be agreed to the Receipts Register due to the matter reported in step a.
7. We inspected investments held at December 31, 2020 and December 31, 2019 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

### **Income Tax Receipts**

1. We obtained the December 31, 2020 and 2019 Statement of Income and Expenditures reports submitted by the Central Collection Agency, the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per for the year to the Village's Receipt Detail Report. The amounts agreed.

### **Water Operating and Sewer Operating Fund Charges for Services**

1. We selected 10 Water and Sewer Fun] collection cash receipts from the year ended December 31, 2020 and 10 Water and Sewer Fund collection cash receipts from the year ended 2019 recorded in the Receipt Detail Report and determined whether the:
  - a. Receipt amount per the Receipt Detail Report agreed to the amount recorded to the credit of the customer's account in the Daily Cash Receipts Journal. The amounts agreed.
  - b. Amount charged for the related billing period:

**Water Operating and Sewer Operating Fund Charges for Services (Continued)**

- i. Agreed with the debit to accounts receivable in the Daily Cash Receipts Journal for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period, plus any applicable late penalties, plus unpaid prior billings. Per review of the Council Approved water rates are a flat rate plus any late penalties and/or prior unpaid balances.
  - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We observed the Billing History Report
  - a. This report listed \$27,670.13 and \$27,685.85 of accounts receivable as of December 31, 2020 and 2019, respectively.
  - b. We observed the Customer History Report. Of the total receivables reported in the preceding procedure, \$0 and \$0 were recorded as more than 90 days delinquent on the Customer History Report due to the fact that all delinquent amounts were assessed to the customers' property taxes in each year. No exceptions noted.
3. We observed the Daily Cash Receipts Journal
  - a. This report listed a total of (\$6,601.21 and (\$2,337.15) non-cash receipts adjustments for the years ended December 31, 2020 and 2019, respectively.  
 We selected five non-cash adjustments form 2020 and five non-cash adjustments from 2019, and observed that the Mayor or Village Administrator approved each adjustment.  
 We found no exceptions, all adjustments had an appropriate approval signature of the Mayor or Village administrator.

**Debt**

1. From the prior audit documentation, we observed the following bonds and loans were outstanding as of December 31, 2018. These amounts agreed to the Villages' January 1, 2019 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
Ohio Public Works Commission Loan	\$17,978
Ohio Water Development Authority Loan #3627	\$714,653
Ohio Water Development Authority Loan #4241	\$98,799
Sanitary Sewer Construction Bonds	\$24,000
Sanitary Sewerage First Mortgage Revenue Bonds	\$102,000

2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bonds and loans debt activity for 2020 and 2019 and attempted to agree principal and interest payments from the related debt amortization schedules or billing statements to Sewer Operating, Sewer Debt Retirement, and Water Improvement fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments.

We found three exceptions when agreeing the amounts to be paid from the billing statements to what was recorded in the Payment Register Detail Report.

- In 2020, the billing statement for the Sanitary Sewer Construction Bonds indicated that the principal amount to be paid was \$4,000 and the interest amount to be paid was \$1,000. The payments were paid from the Sewer Operating Fund; however, the payments should have been paid from a separate and distinct fund.

### Debt (Continued)

- In 2019, the billing statement for the Sanitary Sewer Construction Bonds indicated that the principal amount to be paid was \$4,000 and the interest amount to be paid was \$1,200. The payment was recorded in the Payment Register Detail Report as a principal payment of \$4,200 and an interest payment of \$1,200 paid from the Sewer Operating Fund, but should have been paid from a separate and distinct fund. The principal payment also included an overpayment of \$200 which should have been paid on the Sanitary Sewage First Mortgage Revenue Bonds instead.
- In 2019, the billing statement for the Sanitary Sewage First Mortgage Revenue Bonds indicated that the principal amount to be paid was \$15,000 and the interest amount to be paid was \$5,100. The payment was recorded in the Payment Register Detail Report as a principal payment of \$14,000 and an interest payment of \$5,900 paid from the Sewer Debt Retirement Fund. While the payments were made from the proper fund, the payment amounts did not agree to the billing statement and included an underpayment of \$200 which was instead paid on the Sanitary Sewer Construction Bonds from the Sewer Operating Fund.

Ordinance 84-18 for the Sanitary Sewer Construction Bonds, Section 7 indicates in part that a direct tax sufficient to provide funds to pay the interest and principal payments shall be levied. The funds derived from said tax levies hereby required shall be placed in a separate and distinct fund, which, together with all interest collected on the same, shall be irrevocably pledged for the payment of the interest and principal of the Bonds when and as the same fall due.

Due to the exceptions noted above during 2020 and 2019, debt payments totaling \$5,000 and \$5,400, respectively were paid from the Sewer Operating Fund, instead of a separate and distinct fund.

Also, it was noted that the second payment in 2020 for the Village's Ohio Public Works Commission loan was deferred by the Ohio Public Works Commission.

### Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary.
    - i. We inspected the employees' personnel files and/or minute record for the Retirement system, Federal, State & Local income tax withholding authorization.
    - ii. We agreed these items to the information used to compute gross and net pay related to this check.
  - b. We found no exceptions.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files and minute record or as required by statute. We found no exceptions.
  - c. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2020 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2020. We observed the following:

**Payroll Cash Disbursements (Continued)**

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2021	January 6, 2021	\$1,727.93	\$1,727.93
State income taxes	January 15, 2021	December 31, 2020	\$248.94	\$248.94
Village of Alger Income Tax	January 15, 2021	December 9, 2020	\$194.67	\$194.67
OPERS retirement	January 30, 2021	January 6, 2021	\$2,011.40	\$2,011.40
City of Kenton Tax	January 31, 2021	January 12, 2021	\$13.84	\$13.84
Village of Dunkirk Income Tax	January 15, 2021	January 12, 2021	\$20.89	\$20.89

**Non-Payroll Cash Disbursements**

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and 10 from the year ended 2019 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

**Compliance – Budgetary**

1. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the General, State Highway and Water Operating funds, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
2. We inspected all interfund transfers from 2020 and 2019 Revenue Status Reports and Appropriation Status Reports for compliance with Ohio Rev. Code Sections 5705.14-16. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner.
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2020 and 2019 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the Village's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with Village management and determined that the Village did not have any completed public records requests during the engagement period.
3. We inquired whether the Village had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inquired with Village management and determined that the Village did not have a policy manual during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).
6. We observed that the Village's poster describing their Public Records Policy was displayed conspicuously in all branches of the Village as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We selected all applications submitted to the Records Commission for one-time disposal of obsolete records, and management's review of the schedules of records retention and dispositions for the engagement period. We inspected the approval by the Records Commission for the applications selected and the review of the schedules. This was required by Ohio Rev. Code §149.39. We found no exceptions.
8. We inquired with Village management and determined that the Village did not have any elected officials subject to the Public Records Training requirements during the engagement period as required by Ohio Rev. Code §§ 149.43(E)(1) and 109.43(B) since each Official was still within their current term.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.



11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

#### **HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance**

1. We inquired of management and those charged with governance and documented how the Village decided to spend their CRF allocations and how the Village evaluated and documented their compliance with the CARES Act three-prong test. We then selected five payroll, non-payroll, and subgrant/subloan transactions. and determined the Village:
  - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
  - b. Maintained appropriate supporting documentation.We found no exceptions.
2. We inquired with management and inspected the Appropriation Status Report to determine the local government did not have an unencumbered balance of money to pay back to the county treasurer. We found no exceptions.

#### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2020 and 2019 in the Hinkle system. There were no exceptions.
2. We inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 733.81. During the Fiscal Officer's term of 2016-2020, there was no evidence that the Fiscal Officer attended 2.25 hours of the required 12 hours of training. The Fiscal Officer indicated that the required training was obtained; however, there was no documentation to support that the remaining required hours were met.
3. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list of authorized users, and
  - a list of all credit card account transactions.
  - a. We inspected the established policy obtained above and determined it is:
    - i. in compliance with the HB 312 statutory requirements, and
    - ii. is implemented by the entity.We found no exceptions.
  - b. We selected 1 credit card transaction from each account for testing. For selected transactions we inspected documentation to determine that:
    - i. Use was by an authorized user within the guidelines established in the policy, and
    - ii. Each transaction was supported with original invoices and for a proper public purpose.

**Other Compliance (Continued)**

We found no exceptions.

- c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
- i. No unpaid beginning balance was carried forward to the current billing cycle,
  - ii. Ending statement balance was paid in full, and
  - iii. Statement contained no interest or late fees.

We found no exceptions

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 26, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF ALGER**

**HARDIN COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/5/2021**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)