



Dave Yost • Auditor of State



VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2012 .....	3
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, 2011 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2012 .....	5
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, 2011 .....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	19

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of West Alexandria  
Preble County  
16 North Main Street  
West Alexandria, Ohio 45381

To the Village Council:

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

We have audited the accompanying financial statements and related notes of the Village of West Alexandria, Preble County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011.

### ***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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair 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 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 opinion.

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

As described in Note 1 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242

Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

[www.ohioauditor.gov](http://www.ohioauditor.gov)

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2012 and 2011, or changes in financial position or cash flows thereof for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of West Alexandria, Preble County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements 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 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during 2011 the Village of West Alexandria, Preble County, Ohio adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2013, 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.



**Dave Yost**  
Auditor of State

April 16, 2013

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$107,836		\$107,836
Municipal Income Tax	284,805		284,805
Intergovernmental	73,943	\$72,082	146,025
Special Assessments	0	25,917	25,917
Charges for Services	0	389,366	389,366
Fines, Licenses and Permits	3,783	198	3,981
Earnings on Investments	3,010	42	3,052
Miscellaneous	18,083	33	18,116
	<u>491,460</u>	<u>487,638</u>	<u>979,098</u>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	228,001	346,962	574,963
Public Health Services	3,331		3,331
Leisure Time Activities	411		411
Community Environment	5,784		5,784
Basic Utility Services	0	2,212	2,212
Transportation	0	127,502	127,502
General Government	218,537	1,944	220,481
Capital Outlay		159,339	159,339
	<u>456,064</u>	<u>637,959</u>	<u>1,094,023</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>35,396</u>	<u>(150,321)</u>	<u>(114,925)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		85,000	85,000
Transfers Out	(85,000)		(85,000)
	<u>(85,000)</u>	<u>85,000</u>	<u>0</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	<u>(49,604)</u>	<u>(65,321)</u>	<u>(114,925)</u>
<i>Fund Cash Balances, January 1</i>	<u>565,136</u>	<u>509,722</u>	<u>1,074,858</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	444,401	444,401
Assigned	16,040	0	16,040
Unassigned (Deficit)	499,492	0	499,492
	<u>\$515,532</u>	<u>\$444,401</u>	<u>\$959,933</u>
<i>Fund Cash Balances, December 31</i>			

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

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$775,246		\$775,246
<i>Total Operating Cash Receipts</i>	<u>775,246</u>	<u>0</u>	<u>775,246</u>
<b>Operating Cash Disbursements</b>			
Personal Services	220,376		220,376
Transportation	1,242		1,242
Contractual Services	285,269		285,269
Supplies and Materials	51,203		51,203
<i>Total Operating Cash Disbursements</i>	<u>558,090</u>	<u>0</u>	<u>558,090</u>
<i>Operating Income</i>	<u>217,156</u>	<u>0</u>	<u>217,156</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Principal Retirement	(90,693)		(90,693)
Interest and Other Fiscal Charges	(31,359)		(31,359)
Discount on Debt			0
Other Financing Sources		187,112	187,112
Other Financing Uses		(184,468)	(184,468)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(122,052)</u>	<u>2,644</u>	<u>(119,408)</u>
<i>Net Change in Fund Cash Balances</i>	95,104	2,644	97,748
<i>Fund Cash Balances, January 1</i>	<u>1,072,563</u>	<u>14,063</u>	<u>1,086,626</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,167,667</u></u>	<u><u>\$16,707</u></u>	<u><u>\$1,184,374</u></u>

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



**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$121,029		\$121,029
Municipal Income Tax	282,538		282,538
Intergovernmental	89,133	\$77,446	166,579
Special Assessments	0	25,515	25,515
Charges for Services	0	366,708	366,708
Fines, Licenses and Permits	3,650	135	3,785
Earnings on Investments	7,155	111	7,266
Miscellaneous	16,099	15	16,114
<i>Total Cash Receipts</i>	<u>519,604</u>	<u>469,930</u>	<u>989,534</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	224,403	362,100	586,503
Public Health Services	3,438	500	3,938
Leisure Time Activities	3,006	0	3,006
Community Environment	5,892	0	5,892
Basic Utility Services	0	4,256	4,256
Transportation	0	78,434	78,434
General Government	175,835	3,214	179,049
<i>Total Cash Disbursements</i>	<u>412,574</u>	<u>448,504</u>	<u>861,078</u>
<i>Excess of Receipts Over Disbursements</i>	<u>107,030</u>	<u>21,426</u>	<u>128,456</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		110,000	110,000
Transfers Out	(110,000)		(110,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(110,000)</u>	<u>110,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(2,970)	131,426	128,456
<i>Fund Cash Balances, January 1 (Restated Note 2)</i>	<u>568,106</u>	<u>378,296</u>	<u>946,402</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	509,722	509,722
Assigned	18,642	0	18,642
Unassigned (Deficit)	546,494	0	546,494
<i>Fund Cash Balances, December 31</i>	<u>\$565,136</u>	<u>\$509,722</u>	<u>\$1,074,858</u>

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

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$757,235		\$757,235
Fines, Licenses and Permits	\$3,070		3,070
Miscellaneous	25		25
<i>Total Operating Cash Receipts</i>	<u>760,330</u>	<u>0</u>	<u>760,330</u>
<b>Operating Cash Disbursements</b>			
Personal Services	211,521		211,521
Transportation	2,549		2,549
Contractual Services	246,628		246,628
Supplies and Materials	76,103		76,103
<i>Total Operating Cash Disbursements</i>	<u>536,801</u>	<u>0</u>	<u>536,801</u>
<i>Operating Income (Loss)</i>	<u>223,529</u>	<u>0</u>	<u>223,529</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Principal Retirement	(88,989)		(88,989)
Interest and Other Fiscal Charges	(33,063)		(33,063)
Other Financing Sources		177,400	177,400
Other Financing Uses		(182,077)	(182,077)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(122,052)</u>	<u>(4,677)</u>	<u>(126,729)</u>
<i>Net Change in Fund Cash Balances</i>	101,477	(4,677)	96,800
<i>Fund Cash Balances, January 1</i>	<u>971,086</u>	<u>18,740</u>	<u>989,826</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,072,563</u></u>	<u><u>\$14,063</u></u>	<u><u>\$1,086,626</u></u>

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

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**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 West Alexandria, Preble County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police, fire and ambulance services. The Village also provides fire and ambulance services contractually to Twin and Lanier Townships in Preble County.

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 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:

**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.

Ambulance Operating Fund – This fund receives money from contracts with other entities for services and the individuals using the ambulance service. Expenditures are maintaining and operating the Village emergency squad.

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

Ambulance Reserve Fund – This fund receives money from contracts with other entities for services and Village income taxes. Expenditures are for the purchase of a new ambulance vehicle.

Fire Operating Fund – This fund receives money from contracts with other entities for services and Village income taxes. Expenditures are for maintaining and operating the Village fire department.

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

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

Sanitation Fund - This fund receives charges for services from residents to cover sanitation service costs.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for ambulance billing activity.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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. 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.

VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 reappropriated.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**5. 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.

**G. 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.

**H. 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. Restatement of Prior Year's Fund Balances**

The General Fund and Special Revenue fund balances were restated due to the Village accurately reporting the income tax activity in the General Fund beginning fiscal year 2011.

	Fund Balance at December 31, 2010	GASB 54 Change in Fund Structure	Adjusted Fund Balance at December 31, 2010
General	\$346,529	\$221,577	\$568,106
Special Revenue	599,873	(221,577)	378,296

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. Equity in Pooled 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:

	2012	2011
Demand deposits	\$1,951,774	\$1,868,951
Certificates of deposit	192,333	292,333
Total deposits	2,144,107	2,161,284
Cash on hand	200	200
Total deposits and cash on hand	\$2,144,307	\$2,161,484

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Village.

**4. Budgetary Activity**

Budgetary activity for the years ending 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$420,000	\$491,460	\$71,460
Special Revenue	546,554	572,638	26,084
Capital Projects	546,027	0	(546,027)
Enterprise	712,000	775,246	63,246
Total	\$2,224,581	\$1,839,344	(\$385,237)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$940,000	\$557,104	\$382,896
Special Revenue	997,030	637,959	359,071
Capital Projects	546,027	0	546,027
Enterprise	1,627,000	680,142	946,858
Total	\$4,110,057	\$1,875,205	\$2,234,852

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$449,000	\$519,604	\$70,604
Special Revenue	602,720	579,930	(22,790)
Enterprise	707,000	760,330	53,330
Total	\$1,758,720	\$1,859,864	\$101,144

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$959,000	\$541,216	\$417,784
Special Revenue	834,035	448,504	385,531
Enterprise	1,522,000	658,853	863,147
Total	\$3,315,035	\$1,648,573	\$1,666,462

**5. 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.

**6. 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.



**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. Debt**

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #4419	\$1,092,818	2.75%
Ohio Public Works Commission Loan CK24C	17,628	0.00%
Ohio Public Works Commission Loan CK09E	210,568	0.00%
Ohio Public Works Commission Loan CK12G	183,188	0.00%
Total	<u><u>\$1,504,202</u></u>	

Ohio Water Development Authority (OWDA) Loan #4419 for \$2,718,795 was obtained in 2005 for water treatment plant improvements. As of December 31, 2012, the Village has drawn \$1,436,262 of the available loan monies. The loan is being repaid in semi-annual installments of \$47,288 over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village was awarded \$33,575 by the Ohio Public Works Commission (OPWC) on July 7, 1999, for the Lanier waterline and booster pump project (CK24C). The loan is being repaid in semi-annual installments of \$839 over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village was awarded \$271,700 by the Ohio Public Works Commission (OPWC) on July 1, 2001, for the Lanier waterline and booster pump project (CK09E). The loan is being repaid in semi-annual installments of \$6,792 over a period of 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village was awarded \$244,250 by the Ohio Public Works Commission (OPWC) on July 1, 2003, for water treatment plant improvements (CK12G). The loan is being repaid in semi-annual installments of \$6,106 over a period of 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

Year ending December 31:	OWDA Loan			OPWC
	#4419	OPWC CK24C	OPWC CK09E	CK12G
2013	\$94,575	\$1,679	\$13,585	\$12,212
2014	94,575	1,679	13,585	12,212
2015	94,575	1,679	13,585	12,212
2016	94,575	1,679	13,585	12,212
2017	94,575	1,679	13,585	12,212
2018-2022	472,877	8,394	67,925	61,064
2023-2027	425,589	839	67,925	61,064
2028			6,793	
Total	<u><u>\$1,371,341</u></u>	<u><u>\$17,628</u></u>	<u><u>\$210,568</u></u>	<u><u>\$183,188</u></u>

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**8. Retirement Systems**

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2012 and 2011, 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, 2012.

**9. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**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.



# Dave Yost • Auditor of State

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

Village of West Alexandria  
Preble County  
16 North Main Street  
West Alexandria, Ohio 45381

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 Village of West Alexandria, Preble County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated April 16, 2013 wherein we noted the Village followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that during 2011 the Village of West Alexandria, Preble County, Ohio adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

### ***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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2012-01 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 16, 2013.

***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 Government'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.



**Dave Yost**  
Auditor of State

April 16, 2013

VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-01

**Significant Deficiency**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village did not accurately post debt service-principal and debt service-interest expenditures in the Enterprise Fund during the audit period. The amount of the adjustment was \$33,063 in 2011 and \$31,359 in 2012.

Adjustments were posted to the accompanying financial statements. Failure to accurately post debt service payments can result in inaccurate records and cause the Village to misappropriate funds. We recommend that the Village accurately record debt principal and interest payments. Comparisons between years may aid in the determination if a debt service payment has been properly posted.

**Officials' Response:**

Officials did not provide a response to this finding.

**This page intentionally left blank.**

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

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>
2010-01	ORC § 135.12(B), failure to designate a depository for EMS billing account	Yes	
2010-02	ORC § 135.18, deposits not adequately collateralized	Yes	
2010-03	Finding for Adjustment to move the income tax activity from the Special Revenue Income Tax Fund to the General Fund	Yes	
2010-04	Inaccurately posted receipts and expenditures	No	Partially Corrected – Re-Issued as Finding 2012-01

**This page intentionally left blank.**





# Dave Yost • Auditor of State

VILLAGE OF WEST ALEXANDRIA

PREBLE 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  
MAY 9, 2013