



Dave Yost • Auditor of State

OHIO AUDITOR OF STATE KEITH FABER



March 5, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

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Keith Faber
Auditor of State
Columbus, Ohio

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VILLAGE OF ALEXANDRIA
LICKING COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Alexandria
Licking County
4 West Main Street
Alexandria, Ohio 43001

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 Alexandria, Licking County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

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 adverse and qualified audit opinions.

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 is in the *Additional Opinion Qualification* 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, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Additional Opinion Qualification

The Village's fund balances per their accounting records were reconciled to the bank accounts; however, the Village did not have accurate fund balances from unknown variances noted in the December 31, 2015 and 2014 audit. The Village was not able to provide sufficient appropriate audit evidence to support the unknown differences. Therefore, we could not gain assurance over the beginning and ending fund balances for the General, Special Revenue, Capital Projects, Permanent, Enterprise, and Private Purpose Trust fund types for the years ended December 31, 2017 and 2016. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the receipts and disbursements by fund type, and the related notes of the Village of Alexandria, Licking County as of December 31, 2017 and 2016, and 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 January 9, 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.

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Dave Yost
Auditor of State
Columbus, Ohio

January 9, 2019

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Village of Alexandria, Ohio
Licking County
Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$38,474	\$2,532	\$0	\$0	\$41,006
Intergovernmental	23,923	23,878	0	0	47,801
Charges for Services	3,000	0	0	0	3,000
Fines, Licenses and Permits	4,429	0	0	0	4,429
Earnings on Investments	101	0	0	139	240
Miscellaneous	293	1,272	0	0	1,565
<i>Total Cash Receipts</i>	<u>70,220</u>	<u>27,682</u>	<u>0</u>	<u>139</u>	<u>98,041</u>
Cash Disbursements					
Current:					
Security of Persons and Property	6,259	0	0	0	6,259
Leisure Time Activities	0	1,680	0	0	1,680
Community Environment	2,778	0	0	0	2,778
Transportation	0	22,080	0	0	22,080
General Government	61,887	2,907	0	0	64,794
Debt Service:					
Principal Retirement	3,946	0	0	0	3,946
Interest and Fiscal Charges	966	0	0	0	966
<i>Total Cash Disbursements</i>	<u>75,836</u>	<u>26,667</u>	<u>0</u>	<u>0</u>	<u>102,503</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,616)</u>	<u>1,015</u>	<u>0</u>	<u>139</u>	<u>(4,462)</u>
Other Financing Disbursements					
Transfers Out	(4,520)	0	0	0	(4,520)
<i>Net Change in Fund Cash Balances</i>	<u>(10,136)</u>	<u>1,015</u>	<u>0</u>	<u>139</u>	<u>(8,982)</u>
<i>Fund Cash Balances, January 1</i>	<u>10,369</u>	<u>33,809</u>	<u>877</u>	<u>17,055</u>	<u>62,110</u>
Fund Cash Balances, December 31					
Nonspendable	0	0	0	16,600	16,600
Restricted	0	34,824	0	594	35,418
Committed	0	0	877	0	877
Assigned	1,702	0	0	0	1,702
Unassigned (Deficit)	(1,469)	0	0	0	(1,469)
<i>Fund Cash Balances, December 31</i>	<u>\$233</u>	<u>\$34,824</u>	<u>\$877</u>	<u>\$17,194</u>	<u>\$53,128</u>

See accompanying notes to the financial statements

Village of Alexandria, Ohio
Licking County
Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balances
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$273,001	\$0	\$273,001
Earnings on Investments (trust funds only)	0	450	450
<i>Total Operating Cash Receipts</i>	<u>273,001</u>	<u>450</u>	<u>273,451</u>
Operating Cash Disbursements			
Personal Services	31,953	0	31,953
Employee Fringe Benefits	6,186	0	6,186
Contractual Services	131,819	270	132,089
Supplies and Materials	28,423	335	28,758
<i>Total Operating Cash Disbursements</i>	<u>198,381</u>	<u>605</u>	<u>198,986</u>
<i>Operating Income (Loss)</i>	<u>74,620</u>	<u>(155)</u>	<u>74,465</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments (proprietary funds only)	908	0	908
Miscellaneous Receipts	58	1,704	1,762
Principal Retirement	(35,115)	0	(35,115)
Interest and Other Fiscal Charges	(64,138)	0	(64,138)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(98,287)</u>	<u>1,704</u>	<u>(96,583)</u>
<i>Income (Loss) before Transfers</i>	(23,667)	1,549	(22,118)
Transfers In	108,593	0	108,593
Transfers Out	(104,073)	0	(104,073)
<i>Net Change in Fund Cash Balances</i>	(19,147)	1,549	(17,598)
<i>Fund Cash Balances, January 1</i>	<u>142,724</u>	<u>85,171</u>	<u>227,895</u>
<i>Fund Cash Balances, December 31</i>	<u>\$123,577</u>	<u>\$86,720</u>	<u>\$210,297</u>

See accompanying notes to the financial statements

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 1- Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Alexandria, Licking County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, and park operations.

The village participates in the Ohio Municipal Joint Self-Insurance Pool, a public entity risk pool. Note 10 to the financial statements provides information for this entity. This organization is:

Ohio Municipal Joint Self-Insurance Pool (the Pool):

The Pool is an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2711 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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 governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary 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:

1. 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.

2. 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 Fund:

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 2 – Summary of Significant Accounting Policies (Continued)

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project fund:

Parker Park Other Capital Projects Fund – This fund receives grants and donations for the specific purpose to purchase capital assets for the Parker Park.

4. Enterprise Funds

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

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

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

USDA Debt Service Fund - This fund was established to comply with the debt covenants and accounts for the debt service activity related to mortgage revenue bonds issued by the Village and the USDA.

USDA Sewer Debt Service Reserve Fund – This fund was established to comply with the debt covenants related to mortgage revenue bonds issued by the Village and the USDA.

5. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Non Expendable Park Fund - The Non Expendable Park fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's park.

6. 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.

The Village's private purpose trust fund is for the benefit of the museum.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 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.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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 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 2017 budgetary activity appears in Note 5.

Deposits

The Village maintains an interest bearing checking account. Certificates of deposit are valued at cost.

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.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

For December 31, 2017, 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 ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 3- Deposits

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

	2017
Demand deposits	\$87,986
Certificates of deposit	175,439
Total deposits	263,425

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or; collateralized through the Ohio Pooled Collateral System (OPCS).

Note 4 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Sewer Operating and OPWC Debt Service funds by \$16,606 and \$6,006, respectively, for the year ended December 31, 2017. Appropriations exceeded estimated resources in the General, Street Construction, Maintenance and Repair, Permanent, Museum Expendable, Museum Non Expendable, Water Operating, Sewer Operating, UDSA Debt Service, and OPWC Debt Service by \$6,167, \$904, \$80, \$799, \$205, \$7,196, \$7,120, \$87,219, and \$5,982, respectively for the year ended December 31, 2017.

Note 5 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

Fund Type	2017 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,874	\$ 70,220	\$ (2,346)
Special Revenue	\$ 23,900	\$ 27,682	\$ (3,782)
Capital Projects	\$ -	\$ -	\$ -
Enterprise	\$ 275,000	\$ 382,560	\$ (107,560)
Permanent	\$ -	\$ 139	\$ (139)
Trust	\$ -	\$ 2,154	\$ (2,154)
Total	\$ 366,774	\$ 482,755	\$ (115,981)

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 5 - Budgetary Activity (Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 83,830	\$ 81,783	\$ 2,047
Special Revenue	\$ 45,332	\$ 33,787	\$ 11,545
Capital Projects	\$ 982	\$ -	\$ 982
Enterprise	\$ 406,732	\$ 415,872	\$ (9,140)
Permanent	\$ 400	\$ -	\$ 400
Trust	\$ 2,620	\$ 605	\$ 2,015
Total	\$ 539,896	\$ 532,047	\$ 7,849

Note 6 - 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.

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

Note 7 - Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
USDA Mortgage Revenue Bonds	1,448,873	4%
Building Bonds	15,619	5%
Ohio Public Works Commission Loan CT64H	100,000	0%
Total	1,564,492	

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 7 – Debt (Continued)

The United States Department of Agriculture (USDA) mortgage revenue bonds were used to pay off short-term Ohio Water Development Authority (OWDA) loans. The OWDA loans were reported previously as OWDA Loan numbers 4451 and 4531. The OWDA loans related to the construction of a wastewater treatment plant. In fiscal year 2008 the Village authorized the issue of bonds aggregating \$1,603,000 in principal amount. Principal payments were not required until fiscal year 2011. The Village will repay the loans in annual installments over 40 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover USDA mortgage revenue bonds debt service requirements.

The mortgage revenue bond covenant requires the Village to establish and fund a debt service fund, a debt service reserve fund, and a surplus fund. The balance in these funds at December 31, 2017 is \$0, \$92,805 and \$1,000, respectively.

The Ohio Public Works Commission Loan (OPWC) CQ917 relates to the construction of a water storage tower. The loan will be paid in semiannual installments of \$1,007, with no interest, over 20 years. The loan is collateralized by water fees. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This loan was paid off in 2017.

The Ohio Public Works Commission Loan (OPWC) CT64H relates to the construction of a wastewater treatment plant. The loan will be paid in semiannual installments of \$5,000, with no interest, over 20 years. The loan is collateralized by water fees. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

In 2006, the Village purchased a new municipal building through the issuance of \$50,000 of Building Acquisition Bonds with the Huntington National Bank. Payments are made monthly over fifteen years.

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

Year Ending December 31,	Mortgage Revenue Bonds	Building Bonds	OPWC Loan CT64H
2018	87,223	\$ 4,912	\$ 10,000
2019	87,268	4,912	10,000
2020	87,266	4,912	10,000
2021	87,315	2,867	10,000
2022	87,312	0	10,000
2023-2027	436,314	0	50,000
2028-2032	436,530	0	-
2033-2037	436,333	0	0
2038-2042	436,409	0	0
2043-2047	436,409	0	0
Total	<u>\$ 2,618,378</u>	<u>\$ 17,603</u>	<u>\$ 100,000</u>

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 8 - Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2017, 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 9 – 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 members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Note 10 - Risk Pool Membership

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

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2017, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2017.

Assets	\$1,091,882
Liabilities	<u>(757,765)</u>
Accumulated Surplus	\$ <u>334,117</u>

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 11 – 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 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Subsequent Event

On November 6, 2018, the Village passed a ballot issue to replace an existing tax levy in excess of the ten-mil limitation for current operating expenses. The levy will generate approximately \$32,786 per year for the Village.

Village of Alexandria, Ohio
Licking County
Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$39,954	\$2,628	\$0	\$0	\$42,582
Intergovernmental	23,625	23,407	0	0	47,032
Charges for Services	35	0	0	0	35
Fines, Licenses and Permits	4,276	0	0	0	4,276
Earnings on Investments	35	0	0	140	175
Miscellaneous	92	1,160	0	0	1,252
<i>Total Cash Receipts</i>	<u>68,017</u>	<u>27,195</u>	<u>0</u>	<u>140</u>	<u>95,352</u>
Cash Disbursements					
Current:					
Security of Persons and Property	7,363	0	0	0	7,363
Leisure Time Activities	0	1,905	0	0	1,905
Community Environment	636	0	0	0	636
Transportation	0	9,299	0	0	9,299
General Government	56,985	0	0	0	56,985
Debt Service:					
Principal Retirement	4,104	0	0	0	4,104
Interest and Fiscal Charges	1,327	0	0	0	1,327
<i>Total Cash Disbursements</i>	<u>70,415</u>	<u>11,204</u>	<u>0</u>	<u>0</u>	<u>81,619</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,398)</u>	<u>15,991</u>	<u>0</u>	<u>140</u>	<u>13,733</u>
Other Financing Disbursements					
Transfers Out	(8,350)	0	0	0	(8,350)
<i>Net Change in Fund Cash Balances</i>	<u>(10,748)</u>	<u>15,991</u>	<u>0</u>	<u>140</u>	<u>5,383</u>
<i>Fund Cash Balances, January 1</i>	<u>21,117</u>	<u>17,818</u>	<u>877</u>	<u>16,915</u>	<u>56,727</u>
Fund Cash Balances, December 31					
Nonspendable	0	0	0	16,600	16,600
Restricted	0	33,809	0	455	34,264
Committed	0	0	877	0	877
Assigned	18,420	0	0	0	18,420
Unassigned (Deficit)	(8,051)	0	0	0	(8,051)
<i>Fund Cash Balances, December 31</i>	<u>\$10,369</u>	<u>\$33,809</u>	<u>\$877</u>	<u>\$17,055</u>	<u>\$62,110</u>

See accompanying notes to the financial statements

**Village of Alexandria, Ohio
Licking County
Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balances
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$283,880	\$0	\$283,880
Earnings on Investments (trust funds only)	0	483	483
Miscellaneous	474	0	474
<i>Total Operating Cash Receipts</i>	<u>284,354</u>	<u>483</u>	<u>284,837</u>
Operating Cash Disbursements			
Personal Services	33,062	0	33,062
Employee Fringe Benefits	4,861	0	4,861
Contractual Services	136,010	220	136,230
Supplies and Materials	24,913	0	24,913
<i>Total Operating Cash Disbursements</i>	<u>198,846</u>	<u>220</u>	<u>199,066</u>
<i>Operating Income</i>	<u>85,508</u>	<u>263</u>	<u>85,771</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	1,639	0	1,639
Earnings on Investments (proprietary funds only)	911	0	911
Miscellaneous Receipts	0	327	327
Principal Retirement	(33,538)	0	(33,538)
Interest and Other Fiscal Charges	(65,715)	0	(65,715)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(96,703)</u>	<u>327</u>	<u>(96,376)</u>
<i>Income (Loss) before Transfers</i>	<u>(11,195)</u>	<u>590</u>	<u>(10,605)</u>
Transfers In	104,497	0	104,497
Transfers Out	(96,147)	0	(96,147)
<i>Net Change in Fund Cash Balances</i>	<u>(2,845)</u>	<u>590</u>	<u>(2,255)</u>
<i>Fund Cash Balances, January 1</i>	<u>145,569</u>	<u>84,581</u>	<u>230,150</u>
<i>Fund Cash Balances, December 31</i>	<u>\$142,724</u>	<u>\$85,171</u>	<u>\$227,895</u>

See accompanying notes to the financial statements

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 1- Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Alexandria, Licking County, (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.

The village participates in the Ohio Municipal Joint Self-Insurance Pool, a public entity risk pool. Note 10 to the financial statements provides information for this entity. This organization is:

Ohio Municipal Joint Self-Insurance Pool (the Pool):

The Pool is an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2711 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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 governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary 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:

1. 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.

2. 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 Fund:

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 2 – Summary of Significant Accounting Policies (Continued)

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project fund:

Parker Park Other Capital Projects Fund – This fund receives grants and donations for the specific purpose to purchase capital assets for the Parker Park.

4. Enterprise Funds

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

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

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

USDA Debt Service Fund - This fund was established to comply with the debt covenants and accounts for the debt service activity related to mortgage revenue bonds issued by the Village and the USDA.

USDA Sewer Debt Service Reserve Fund – This fund was established to comply with the debt covenants related to mortgage revenue bonds issued by the Village and the USDA.

5. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Non Expendable Park Fund - The Non Expendable Park fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's park.

6. 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.

The Village's private purpose trust fund is for the benefit of the museum.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 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.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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 2016 budgetary activity appears in Note 5.

Deposits

The Village maintains an interest bearing checking account. Certificates of deposit are valued at cost.

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 ALEXANDRIA
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

For December 31, 2016, 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 ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 3- Deposits

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

	2016
Demand deposits	\$114,566
Certificates of deposit	175,439
Total deposits	290,005

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

Note 4 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Water Operating, and Sewer Operating funds by \$634, \$10,114, and \$104,196, respectively, for the year ended December 31, 2016.

Note 5 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,540	\$ 68,017	\$ (477)
Special Revenue	\$ 25,460	\$ 27,195	\$ (1,735)
Capital Projects	\$ 850	\$ -	\$ 850
Enterprise	\$ 436,000	\$ 391,401	\$ 44,599
Permanent	\$ -	\$ 140	\$ (140)
Trust	\$ 750	\$ 810	\$ (60)
Total	\$ 530,600	\$ 487,563	\$ 43,037

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 80,595	\$ 81,229	\$ (634)
Special Revenue	\$ 29,650	\$ 13,346	\$ 16,304
Capital Projects	\$ -	\$ -	\$ -
Enterprise	\$ 369,400	\$ 419,857	\$ (50,457)
Permanent	\$ -	\$ -	\$ -
Trust	\$ 865	\$ 220	\$ 645
Total	\$ 480,510	\$ 514,652	\$ (34,142)

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 6 - 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.

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

Note 7 - Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Mortgage Revenue Bonds	1,471,975	4%
Building Bonds	19,566	5%
Ohio Public Works Commission Loan CT64H	110,000	0%
Ohio Public Works Commission Loan CQ917	2,013	0%
Total	<u>1,603,554</u>	

The United States Department of Agriculture (USDA) mortgage revenue bonds were used to pay off short-term Ohio Water Development Authority (OWDA) loans. The OWDA loans were reported previously as OWDA Loan numbers 4451 and 4531. The OWDA loans related to the construction of a wastewater treatment plant. In fiscal year 2008 the Village authorized the issue of bonds aggregating \$1,603,000 in principal amount. Principal payments were not required until fiscal year 2011. The Village will repay the loans in annual installments over 40 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover USDA mortgage revenue bonds debt service requirements.

The mortgage revenue bond covenant requires the Village to establish and fund a debt service fund, a debt service reserve fund, and a surplus fund. The balance in these funds at December 31, 2016 is \$90, \$91,897 and \$1,000, respectively.

The Ohio Public Works Commission Loan (OPWC) CQ917 relates to the construction of a water storage tower. The loan will be paid in semiannual installments of \$1,007, with no interest, over 20 years. The loan is collateralized by water fees. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan (OPWC) CT64H relates to the construction of a wastewater treatment plant. The loan will be paid in semiannual installments of \$5,000, with no interest, over 20 years. The loan is collateralized by water fees. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 7 – Debt (Continued)

In 2006, the Village purchased a new municipal building through the issuance of \$50,000 of Building Acquisition Bonds with the Huntington National Bank. Payments are made monthly over fifteen years.

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

Year Ending December 31,	USDA		OPWC Loan CT64H	OPWC Loan CQ917
	Mortgage Revenue Bonds	Building Bonds		
2017	\$ 87,338	\$ 4,912	\$ 10,000	\$ 2,013
2018	87,223	4,912	10,000	0
2019	87,268	4,912	10,000	0
2020	87,266	4,912	10,000	0
2021	87,315	2,867	10,000	0
2022-2026	436,461	0	50,000	0
2027-2031	436,409	0	10,000	0
2032-2036	436,333	0	0	0
2037-2041	436,420	0	0	0
2042-2046	436,322	0	0	0
2047	87,362	0	0	0
Total	\$ 2,705,715	\$ 22,515	\$ 110,000	\$ 2,013

Note 8 - Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2016, 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, 2016.

Note 9 – 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 members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 10 - Risk Pool Membership

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

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2016, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2016.

Assets	\$1,272,799
Liabilities	<u>(821,016)</u>
Accumulated Surplus	\$ <u>451,783</u>

Note 11 – 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 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Subsequent Event

On November 6, 2018, the Village passed a ballot issue to replace an existing tax levy in excess of the ten-mil limitation for current operating expenses. The levy will generate approximately \$32,786 per year for the Village.

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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 Alexandria
Licking County
4 West Main Street
Alexandria, Ohio 43001

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 Alexandria, Licking County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated January 9, 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. We also qualified our opinion over the beginning and ending fund balances for the General, Special Revenue, Capital Projects, Permanent, Enterprise, and Private Purpose Trust fund types for the years ended December 31, 2017 and 2016.

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 opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 through 2017-004 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-002 and 2017-003.

Village's Responses to Findings

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

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 report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

January 9, 2019

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Financial Statement Presentation – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Audit reclassifications and essential footnote disclosures were posted to the Village's December 31, 2017 and 2016 financial statements and footnotes.

Due to lack of review of detailed financial information, the following posting errors were noted:

Fund	Posting Error	2016	2017
General Fund (1000)	To reclassify Debt Service Principal payments from General Government Expenditures	\$109	\$0
General Fund (1000)	To reclassify Debt Service Interest payments from General Government Expenditures	\$1	\$0
General Fund (1000)	To reclassify fund balance from unassigned fund balance to assigned fund balance for subsequent year appropriations exceeding estimated receipts and outstanding encumbrances at year end.	\$18,420	\$1,702
Parks & Recreation Fund (2041)	To reclassify fund balance from committed fund balance to restricted fund balance per GASB 54	\$3,606	\$3,169
Permissive Motor Vehicle License Tax Fund (2101)	To reclassify a portion of Permissive Motor Vehicle License Tax receipts from tax receipts to intergovernmental receipts	\$1,314	\$1,265

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-001 (Continued)

Financial Statement Presentation – Material Weakness (Continued)

Permanent Park Fund (4951)	To reclassify the spendable portion of fund balance from committed fund balance to restricted fund balance per GASB 54	\$320	\$459
Water Operating Fund (5101)	To reclassify Debt Service Principal Payments from Supplies and Materials to Principal Retirement	\$5,071	\$0
Sewer Operating Fund (5201)	To reclassify Debt Service Principal Payments from Supplies and Materials to Principal Retirement	\$935	\$0
USDA Debt Service Fund (5721)	To decrease current year Debt Service principal and interest expenditures for an expenditure posted in the wrong period.	(\$7,270)	\$0
USDA Debt Service Fund (5721)	To reclassify Debt Service Principal payments from Interest payments	\$321	\$899

Adjustments have been made to the footnotes to include the above reclassifications and to include all essential footnote disclosures. The footnotes were updated to include the accumulated leave note, the compliance note, post-employment benefit note, updates to the risk pool membership note, and the public entities risk pool note in both 2017 and 2016.

Lack or failure of controls in place over the posting of financial transactions and reporting can result in errors that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Village develop and implement policies and procedures over financial reporting to help ensure the information accurately reflects the activity of the Village and thereby increase the reliability of the financial data throughout the year. In addition, the Village should also review AOS Bulletin 2011-004 for guidance on GASB Statement No. 54 requirements, the Village Handbook, and the shells for the financial statements and notes on the AOS website.

Officials' Response

This finding of material weakness relates to posting errors in the Village's 2016 and 2017 financial statements, which have been updated and corrected. To prevent these types of errors, you recommend the implementation of policies and procedures to ensure accurate recording of financial data throughout the year. In addition, you recommend that the Village review AOS Bulletin 2011-004 for guidance on GASB Statement No. 54 requirements, the Village Handbook, and the shells for the financial statements and notes on the AOS website.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-001 (Continued)

Financial Statement Presentation – Material Weakness (Continued)

Officials’ Response (Continued)

The Village concurs with those recommendations, and it is my understanding that they have been implemented.

FINDING NUMBER 2017-002

Budgetary Deficiencies –Noncompliance and Material Weakness

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The legal level of budgetary control for the Village is the level at which the Village Council adopts the original appropriation measure.

Ohio Rev. Code § 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Ohio Admin. Code § 117-2-02(C)(1) states in part: “all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.”

The certificate of estimated resources, appropriation resolution and subsequent amendments establish the amounts available for expenditures and the legal spending authority of the Village. The resources available for appropriation and the appropriation status reports in the Uniform Accounting Network system provide the process by which the Village controls and monitors actual Village activity versus budgeted activity. It is therefore necessary the amounts budgeted and appropriated by the Council are precisely stated and accurately posted to the accounting system to allow the Council to make informed decisions regarding budgetary matters.

For 2017, UAN budgetary amounts varied from filed estimated resources and appropriations at the fund level for the General Fund, Street Construction Maintenance and Repair Fund, Permissive Motor Vehicle License Tax Fund, State Highway Fund, Cemetery Fund, Park Permanent Fund, Museum Expendable Fund, Museum Non Expendable Fund, Water Operating Fund, Sewer Operating Fund, USDA Debt Service Fund, and the OPWC Debt Service Fund with variances ranging from \$69 to \$196,428.

For 2016, UAN budgetary amounts varied from filed estimated resources and appropriations at the fund level for the General Fund, Permissive Motor Vehicle License Tax Fund, State Highway Fund, Park Permanent Fund, Museum Expendable Fund, Museum Non Expendable Fund, Water Operating Fund, Sewer Operating Fund, USDA Debt Service Fund, and the USDA Debt Service Reserve Fund with variances ranging from \$10,123 to \$103,156.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-002 (Continued)

Budgetary Deficiencies –Noncompliance and Material Weakness (Continued)

Budgetary expenditures exceeded appropriations at the fund level as follows:

2016:

Fund	Filed Appropriations	Expenditures	Variance
1000 – General Fund	\$80,595	\$81,229	(\$634)
5101 – Water Operating	\$127,725	\$137,839	(\$10,114)
5201 – Sewer Operating	\$84,575	\$188,771	(\$104,196)

2017:

Fund	Filed Appropriations	Expenditures	Variance
5201 – Sewer Operating	\$181,983	\$198,589	(\$16,606)
5722 – OPWC Debt Service	\$6,007	\$12,013	(\$6,006)

Budgetary appropriations exceeded estimated resources at the fund level as follows:

2017:

Fund	Filed Est. Resources	Filed Appropriations	Variance
1000 – General Fund	\$77,663	\$83,830	(\$6,167)
2011 – Street Construction Maintenance and Repair Fund	\$38,017	\$38,921	(\$904)
4951 – Parker’s Park Permanent Fund	\$320	\$400	(\$80)
9976 – Museum Expendable Fund	\$1,321	\$2,120	(\$799)
9977 – Museum Non Expendable Fund	\$295	\$500	(\$205)
5101 – Water Operating Fund	\$124,238	\$131,434	(\$7,196)
5201 – Sewer Operating Fund	\$174,863	\$181,983	(\$7,120)
5721 – USDA Debt Service Fund	\$90	\$87,309	(\$87,219)
5722 – OPWC Debt Service Fund	\$25	\$6,007	(\$5,982)

Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources, and has resulted in deficit spending.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-002 (Continued)

Budgetary Deficiencies –Noncompliance and Material Weakness (Continued)

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

We recommend the Fiscal Officer compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, Village Council should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

We recommend the Fiscal Officer update the Official Certificate of Estimated Resources and the Annual Appropriation measures in the UAN system when the need arises at the Village, based on the aforementioned requirements.

Officials' Response

This finding of noncompliance and material weakness relates to a number of budgetary expenditures exceeding appropriations at the fund level in both 2016 and 2017. You recommend appropriate practices for the Fiscal Officer and Council to ensure that the budgeting and appropriations process is more closely monitored.

The Village concurs with these recommendations. It is my understanding that the Fiscal Officer has already taken steps to ensure greater accountability over receipts and expenditures and has fostered improved communication with Council in this area. In addition, I have encouraged the Fiscal Officer and Council to consider budget/appropriations amendments as needed throughout the year as operations may require.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-003

Posting of Revenues – Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) states, in part, that "...all revenue derived from a source other than the general property tax, and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose..." Additionally, **Ohio Rev. Code § 5705.10(I)** states that "money paid into any fund shall be used only for the purpose for which such fund is established."

The following posting errors were noted:

Fund	Posting Error	2016	2017
State Highway (2021)	Intergovernmental receipts incorrectly posted to the Street Construction Maintenance and Repair fund.	\$77	\$0
Permissive Motor Vehicle License Tax (PMVL) (2101)	Intergovernmental receipts incorrectly posted to the Street Construction Maintenance and Repair fund.	(\$3,864)	(\$3,605)
PMVL (2101)	Intergovernmental receipts incorrectly posted to the State Highway fund.	(\$272)	(\$292)
Parks & Recreation (2041)	Park rental fees incorrectly posted to the Capital Projects fund.	\$105	\$0

Fund	Posting Error	2016	2017
Parks & Recreation (2041)	Park rental fees incorrectly posted to the Permanent Park fund.	\$40	\$0
Permanent Park (4951)	Interest receipts incorrectly posted to the General fund.	\$140	\$0
USDA Reserve (5741)	Interest receipts incorrectly posted to the General fund.	\$911	\$0
Museum Expendable (9976)	Interest receipts incorrectly posted to the Non Expendable fund.	\$142	\$450
Museum Expendable (9976)	Interest receipts incorrectly posted to the General fund.	\$341	\$0

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-003 (Continued)

Posting of Revenues – Noncompliance and Material Weakness (Continued)

Not posting monies specified for a particular purpose to the correct fund can lead to noncompliance, funds being spent for unallowable purposes, and possible negative fund balances.

The Fiscal Officer should be diligent in assuring funds are properly posted to the correct fund in accordance with the Village's Uniform Accounting Network (UAN) coding system and the Ohio Revised Code.

The Village should review the Village Officer's Handbook and exercise due care when posting transactions to help ensure receipts and expenditures are posted to the correct fund and account. Additionally, the Village Council should review monthly receipt and expenditure activity reports to help ensure transactions are properly accounted for and classified. This will help more accurately reflect the Village's financial activity and will aid in more accurate financial reporting.

The Village's Fiscal Officer made the adjustments to the Village's accounting records and the adjustments are reflected in the accompanying financial statements.

Officials' Response

This finding of noncompliance and material weakness relates to nine (9) inaccurate postings of revenues in 2016 and three (3) inaccurate postings of revenues in 2017, in which revenues were posted to the incorrect funds. You recommend greater diligence in posting transactions.

The improvement from 2016 to 2017 reflects the efforts of current Fiscal Officer Carol Gissinger to help get the Village's finances back on track. As such, I believe this issue has already been addressed and corrected.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-004

Fund Balance Assurance – Material Weakness

The Village’s Uniform Accounting Network (UAN) system tracks activity at the fund level which helps the Village ensure funds are being spent for the intended purposes. The Village Fiscal Officer is responsible for posting activity to the proper funds, while Village Council is charged with reviewing monthly reports from the UAN system for completeness and accuracy. Further, the Village Fiscal Officer and Council are responsible for taking corrective action to address any prior year audit findings.

Unknown variances were identified in the December 31, 2015 and 2014 audit report which impacted individual fund balances. While the Village’s fund balances per their accounting records were reconciled to the bank accounts in total, the Village was not able to provide sufficient appropriate audit evidence to support the unknown differences from the prior year. Therefore, we could not gain assurance over the beginning and ending fund balances for the General, Special Revenue, Capital Projects, Permanent, Enterprise, and Private Purpose Trust fund types for the years ended December 31, 2017 and 2016, which resulted in a modified audit opinion.

Failure to reconstruct financial statements can lead to modified opinions, noncompliance, errors and irregularities. Further, the Village Council cannot adequately monitor the Village’s financial activity due to inaccurate fund balances.

We recommend the Village investigate the unknown variances and reconstruct fund balances from December 31, 2014 through December 31, 2017 to determine the correct fund balances by fund.

Officials’ Response

This finding of material weakness is related to your audit for the years ended December 31, 2014 and 2015. Because of the criminal activity of past Fiscal Officer Laura VanScoy-Andrews and the accompanying destruction of financial records that she used to hide her crimes, it was impossible for the Village to reconstruct financial statement. As a result, it was impossible for you to gain assurance over the beginning and ending balances for the General, Special Revenue, Capital Projects, Permanent, Enterprise and Private Purpose Trust fund types. Because of that uncertainty, it is impossible for the Village of Alexandria to achieve a “clean” audit.

The current Village administration understands this limitation and is deeply concerned by it. As a practical matter, it is unclear whether the Village can dedicate the resources it would likely take to correct this issue. This is an area that will be discussed further, and we will continue to look for a way forward.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Village Council Monitoring	Corrective Action Taken and Finding is Fully Corrected	
2015-002	ORC 5705.41(B) – Expenditures exceeding Appropriations.	Not Corrected	Repeated as Finding 2017-002
2015-003	Financial Statement Presentation	Not Corrected	Repeated as Finding 2017-001.
2015-004	ORC 149.351(A) and OAC 117-2-02 – Deficient Accounting Records.	Partially Corrected	See Management Letter
2015-005	Finding for Recovery – Public Funds Converted or Misappropriated	Not Corrected	No Finding for Recovery. A repayment plan has not been approved/established and full repayment has not been made.
2015-006	Finding for Recovery – Public Money Illegally Expended	Not Corrected	No Finding for Recovery. A repayment plan has not been approved/established and full repayment has not been made.
2015-007	Finding for Recovery – Collected but Unaccounted For	Not Corrected	No Finding for Recovery. A repayment plan has not been approved/established and full repayment has not been made.
2015-008	OAC 117-2-02(C)(1) - Integrating Budgetary Accounts into the Accounting System	Not Corrected	Repeated as Finding 2017-002
2015-009	ORC 5705.10(D) – Adjustments for posting of revenues.	Not Corrected	Repeated as Finding 2017-003
2015-010	ORC 733.69 - Bonds	Corrective Action Taken and Finding is Fully Corrected	

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

Finding Number	Finding Summary	Status	Additional Information
2015-011	ORC 5705.14 – Unapproved Transfers	Corrective Action Taken and Finding is Fully Corrected	
2015-012	Water and Sewer Deficiencies – Rates, Deposits, and Adjustments.	Partially Corrected	See Management Letter
2015-013	Bank Reconciliation accuracy, monitoring, and timeliness.	Partially Corrected	See Management Letter
2015-014	Receipts Procedures and Segregation of Duties.	Corrective Action Taken and Finding is Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ALEXANDRIA

LICKING 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
MARCH 5, 2019**