

**VILLAGE OF ALEXANDRIA
LICKING COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018





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Village Council
Village of Alexandria
4 West Main Street
Alexandria, Ohio 43001

We have reviewed the *Independent Auditor's Report* of the Village of Alexandria, Licking County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 29, 2020

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**VILLAGE OF ALEXANDRIA
LICKING COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2019 and 2018**

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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, (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 determined, 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 *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the changes in financial position or cash flows for the years then ended.

Basis for Additional Opinion Qualification

The Village's fund balances per their accounting records were reconciled in total to the bank accounts. However, due to unknown variances in prior Village audits, we could not obtain sufficient appropriate audit evidence to support the beginning individual fund balances and, accordingly, we could not gain assurance over the ending fund balances for the General, Special Revenue, Capital Projects, Permanent, Enterprise and Private Purpose Trust funds. Therefore, we could not determine if adjustments were necessary to these funds.

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 cash balances, receipts and disbursements by fund type, and the related notes of the Village of Alexandria, Licking County, as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Charles E. Harris & Associates, Inc.
September 28, 2020

VILLAGE OF ALEXANDRIA, OHIO
LICKING COUNTY
COMBINED STATEMENT OF RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 44,408	\$ 3,929	\$ -	\$ -	\$ 48,337
Intergovernmental	25,205	25,944	-	-	51,149
Fines, Licenses and Permits	4,953	-	-	-	4,953
Miscellaneous	5,517	1,827	-	-	7,344
Total Cash Receipts	80,083	31,700	-	-	111,783
Cash Disbursements					
Current:					
Security of Persons and Property	7,329	-	-	-	7,329
Leisure Time Activities	-	2,626	-	-	2,626
Community Environment	4,172	-	-	-	4,172
Transportation	-	23,180	-	-	23,180
General Government	52,946	-	-	-	52,946
Debt Service:					
Principal Retirement	4,406	-	-	-	4,406
Interest and Fiscal Charges	506	-	-	-	506
Total Cash Disbursements	69,359	25,806	-	-	95,165
Excess of Receipts Over (Under) Disbursements	10,724	5,894	-	-	16,618
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	64,999	-	-	-	64,999
Transfer In	-	5,999	-	-	5,999
Transfers Out	(60,098)	-	-	-	(60,098)
Other Financing Uses	(5,639)	-	-	-	(5,639)
Total Other Financing Receipts (Disbursements)	(738)	5,999	-	-	5,261
Special Item	300	300	-	-	600
Net Change in Fund Cash Balances	10,286	12,193	-	-	22,479
Fund Cash Balances, January 1, 2019	1,707	31,444	877	17,299	51,327
Fund Cash Balances, December 31, 2019					
Nonspendable	-	-	-	16,600	16,600
Restricted	-	43,637	-	699	44,336
Committed	-	-	877	-	877
Assigned	10,450	-	-	-	10,450
Unassigned	1,543	-	-	-	1,543
Fund Cash Balances, December 31, 2019	\$ 11,993	\$ 43,637	\$ 877	\$ 17,299	\$ 73,806

See Accompanying Notes to the Financial Statements.

VILLAGE OF ALEXANDRIA
LICKING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
For the Year Ended December 31, 2019

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	<u>(Memorandum Only)</u>
Operating Receipts:			
Charges for Services	\$ 252,791	\$ -	\$ 252,791
Earnings on Investments	-	1,252	1,252
Total Operating Receipts	252,791	1,252	254,043
Operating Disbursements:			
Personal Services	35,072	-	35,072
Employee Fringe Benefits	6,283	-	6,283
Contractual Services	148,739	225	148,964
Supplies and Materials	29,001	469	29,470
Total Operating Disbursements	219,095	694	219,789
Operating Income	33,696	558	34,254
Non-Operating Receipts/(Disbursements):			
Special Assessments	7,018	-	7,018
Earnings on Investments	909	-	909
Miscellaneous Receipts	-	396	396
Debt Service:			
Principal Retirement	(34,096)	-	(34,096)
Interest and Fiscal Charges	(64,140)	-	(64,140)
Total Nonoperating Receipts/(Disbursements)	(90,309)	396	(89,913)
Income(Loss) before Special Item and Transfers	(56,613)	954	(55,659)
Special Item	10,300	-	10,300
Transfers In	143,559	-	143,559
Transfers Out	(89,460)	-	(89,460)
Net Change in Fund Cash Balances	7,786	954	8,740
Fund Cash Balance, January 1, 2019	92,337	75,211	167,548
Fund Cash Balance, December 31, 2019	\$ 100,123	\$ 76,165	\$ 176,288

See Accompanying Notes to the Financial Statements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all 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:

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

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

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

Capital Project Funds These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). 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.

VILLAGE OF ALEXANDRIA
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies – (continued)

Fund Accounting – (continued)

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 Village'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.

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.

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.

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, 2019**

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 Council recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

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

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

VILLAGE OF ALEXANDRIA
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies – (continued)

Fund Balance

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

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

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

Committed Council can *commit* amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated receipts and appropriations in the subsequent year's appropriated budget in the General Fund.

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, 2019**

Note 3 – Compliance

Contrary to Ohio law, budgetary disbursements exceeded appropriation authority in the General, State Highway, Parks & Recreation, Water Operating, Sewer Operating, and USDA Debt Service funds; the Village did not properly amend appropriations; and the Water and Sewer Operating funds had negative fund balances for a portion of 2019.

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 135,366	\$ 145,382	\$ 10,016
Special Revenue	\$ 31,544	\$ 37,999	\$ 6,455
Capital Projects	\$ 150	\$ -	\$ (150)
Enterprise	\$ 447,372	\$ 414,577	\$ (32,795)
Trust	\$ 7,650	\$ 1,648	\$ (6,002)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 76,099	\$ 136,169	\$ (60,070)
Special Revenue	\$ 25,569	\$ 26,616	\$ (1,047)
Capital Projects	\$ -	\$ -	\$ -
Enterprise	\$ 397,005	\$ 413,622	\$ (16,617)
Trust	\$ 7,250	\$ 694	\$ 6,556

Note 5- Deposits

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

Demand deposits	\$ 75,484
Certificates of deposit	174,610
Total deposits	\$ 250,094

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by a pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	(11,329,011)
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019

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. OPERS contributes 0 percent of the employer contribution to fund these benefits.

Note 10 - Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
USDA Mortgage Revenue Bonds	\$ 1,401,067	4%
Building Bonds	7,047	5.45%
Ohio Public Works Commission Loan CT64H	80,000	0%
Total	\$ 1,488,114	

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 monthly 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, 2019 is \$0, \$87,510 and \$1,000, respectively.

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, 2019**

Note 10 – 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,	Year Ending December 31,	Mortgage Revenue Bonds	Building Bonds	OPWC Loan CT64H
2019	2020	\$ 87,268	\$ 4,912	\$ 10,000
2020	2021	87,266	2,867	10,000
2021	2022	87,315	-	10,000
2022	2023	87,312	-	10,000
2023	2024	87,156	-	10,000
2024-2028	2025-2029	436,474	-	30,000
2029-2033	2030-2034	436,373	-	-
2034-2038	2035-2039	436,483	-	-
2039-2043	2040-2044	436,429	-	-
2044-2048	2045-2049	349,087	-	-
Total		\$ 2,531,163	\$ 7,779	\$ 80,000

Note 11 – Contingent Liabilities/Subsequent Event

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.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

VILLAGE OF ALEXANDRIA, OHIO
LICKING COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 42,835	\$ 3,771	\$ -	\$ -	\$ 46,606
Intergovernmental	24,586	22,356	-	-	46,942
Fines, Licenses and Permits	5,165	-	-	-	5,165
Earnings on Investments	69	-	-	105	174
Miscellaneous	296	630	-	-	926
Total Cash Receipts	72,951	26,757	-	105	99,813
Cash Disbursements					
Current:					
Security of Persons and Property	8,434	-	-	-	8,434
Leisure Time Activities	-	2,064	-	-	2,064
Community Environment	2,360	-	-	-	2,360
Transportation	-	28,042	-	-	28,042
General Government	53,861	-	-	-	53,861
Debt Service:					
Principal Retirement	4,166	-	-	-	4,166
Interest and Fiscal Charges	746.00	-	-	-	746
Total Cash Disbursements	69,567	30,106	-	-	99,673
Excess of Receipts Over (Under) Disbursements	3,384	(3,349)	-	105	140
Other Financing Receipts (Disbursements)					
Transfers Out	(1,764)	-	-	-	(1,764)
Total Other Financing Receipts (Disbursements)	(1,764)	-	-	-	(1,764)
Special Item	200	226	-	-	426
Net Change in Fund Cash Balances	1,820	(3,123)	-	105	(1,198)
Fund Cash Balances, January 1, 2018 - (Restated)	(113)	34,567	877	17,194	52,525
Fund Cash Balances, December 31 2018					
Nonspendable	-	-	-	16,600	16,600
Restricted	-	33,386	-	699	34,085
Committed	-	-	877	-	877
Assigned	1,707	(1,942)	-	-	(235)
Fund Cash Balances, December 31, 2018	\$ 1,707	\$ 31,444	\$ 877	\$ 17,299	\$ 51,327

See Accompanying Notes to the Financial Statements.

VILLAGE OF ALEXANDRIA
LICKING COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
For the Year Ended December 31, 2018

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	<u>(Memorandum Only)</u>
Operating Receipts:			
Charges for Services	\$ 287,957	\$ -	\$ 287,957
Earnings on Investments	<u>-</u>	<u>704</u>	<u>704</u>
Total Operating Receipts	287,957	704	288,661
Operating Disbursements:			
Personal Services	35,425	-	35,425
Employee Fringe Benefits	5,913	-	5,913
Contractual Services	169,179	150	169,329
Supplies and Materials	<u>18,883</u>	<u>14,548</u>	<u>33,431</u>
Total Operating Disbursements	<u>229,400</u>	<u>14,698</u>	<u>244,098</u>
Operating Income	58,557	(13,994)	44,563
Non-Operating Receipts/(Disbursements):			
Special Assessments	5,679	-	5,679
Earnings on Investments	909	-	909
Miscellaneous Receipts	1	2,366	2,367
Debt Service:			
Principal Retirement	(33,710)	-	(33,710)
Interest and Fiscal Charges	<u>(64,440)</u>	<u>-</u>	<u>(64,440)</u>
Total Nonoperating Receipts/(Disbursements)	<u>(91,561)</u>	<u>2,366</u>	<u>(89,195)</u>
Income(Loss) before Special Item and Transfers	(33,004)	(11,628)	(44,632)
Special Item	-	124	124
Transfers In	94,980	-	94,980
Transfers Out	<u>(93,216)</u>	<u>-</u>	<u>(93,216)</u>
Net Change in Fund Balance	(31,240)	(11,504)	(42,744)
Fund Cash Balance, January 1, 2018	<u>123,577</u>	<u>86,715</u>	<u>210,292</u>
Fund Cash Balance, December 31, 2018	<u>\$ 92,337</u>	<u>\$ 75,211</u>	<u>\$ 167,548</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all 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:

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

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

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

Capital Project Funds These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). 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.

VILLAGE OF ALEXANDRIA
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 2 – Summary of Significant Accounting Policies – (continued)

Fund Accounting – (continued)

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 Village'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.

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.

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.

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, 2018**

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 Council recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

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

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 2 – Summary of Significant Accounting Policies – (continued)

Fund Balance

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

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

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

Committed Council can *commit* amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated receipts and appropriations in the subsequent year's appropriated budget in the General Fund.

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.

Note 3 – Compliance

Contrary to Ohio law, budgetary disbursements exceeded appropriation authority in the Street Construction, Maintenance & Repair, Water Operating, Sewer Operating, USDA Debt Service, USDA Debt Service Reserve, and Museum Expendable funds; the Village did not properly amend appropriations; and the Water and Sewer Operating funds had negative fund balances for a portion of 2019.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,188	\$ 73,151	\$ 963
Special Revenue	\$ 25,500	\$ 26,983	\$ 1,483
Capital Projects	\$ 150	\$ 105	\$ (45)
Enterprise	\$ 397,838	\$ 389,526	\$ (8,312)
Permanent	\$ -	\$ 105	\$ 105
Trust	\$ 5,600	\$ 3,194	\$ (2,406)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 73,858	\$ 72,344	\$ 1,514
Special Revenue	\$ 41,909	\$ 31,727	\$ 10,182
Capital Projects	\$ 150	\$ -	\$ 150
Enterprise	\$ 414,605	\$ 430,848	\$ (16,243)
Permanent	\$ -	\$ -	\$ -
Trust	\$ -	\$ 14,698	\$ (14,698)

Note 5- Deposits

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

Demand deposits	\$ 44,271
Certificates of deposit	174,604
Total deposits	\$ 218,875

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

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.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 6 - Property Tax – (continued)

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 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 8 - Defined Benefit Pension Plans – (continued)

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

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. OPERS contributes 0 percent of the employer contribution to fund these benefits.

Note 10 - Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Mortgage Revenue Bonds	\$ 1,425,163	4%
Building Bonds	11,453	5.45%
Ohio Public Works Commission Loan CT64H	90,000	0%
Total	<u>\$ 1,526,616</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 monthly 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, 2018 is \$0, \$92,873 and \$1,000, respectively.

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.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 11 – Debt – (continued)

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

Year Ending December 31,	Mortgage	Building Bonds	OPWC
	Revenue Bonds		Loan CT64H
2019	\$ 87,223	\$ 4,912	\$ 10,000
2020	87,268	4,912	10,000
2021	87,266	2,867	10,000
2022	87,315	-	10,000
2023	87,312	-	10,000
2024-2028	436,314	-	40,000
2029-2033	436,528	-	-
2034-2038	436,343	-	-
2039-2043	436,409	-	-
2044-2048	436,409	-	-
	<u>\$ 2,618,387</u>	<u>\$ 12,691</u>	<u>\$ 90,000</u>

Note 12 – 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 13 – Fund Balance Adjustments

The Village made several audit adjustments in 2018 that were written for prior periods. Therefore, the beginning fund balances for 2018 are restated as follows:

	General	Special	Fiduciary
	Fund	Revenue Fund	Fund
Fund Balance as previously reported	\$ 233	\$ 34,824	\$ 86,720
Adjustments in 2019 to correct transactions from 2018	(346)	(257)	(5)
Restated Fund balance	<u>\$ (113)</u>	<u>\$ 34,567</u>	<u>\$ 86,715</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Alexandria, Licking County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2020, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We 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, 2019 and 2018. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings as items 2019-001 and 2019-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Audit Findings as items 2019-002 through 004.

Entity's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
September 28, 2020

VILLAGE OF ALEXANDRIA
LICKING COUNTY
Schedule of Audit Findings
December 31, 2019 and 2018

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

Finding Number 2019-001 – Material Weakness

Notes to the Financial Statements and Reclassifications

Ohio Revised Code Section 117.38 states, in part, that each public office shall file a financial report for each fiscal year. The Auditor of State (AOS) may prescribe forms by rule or may issue guidelines, or both, for such reports. However, if the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

The report shall contain the following: (A) amount of collections and receipts, and accounts due from each source; (B) amount of expenditures for each purpose, (C) income of any public service industry owned or operated by a municipal corporation, and the cost of such ownership or operation; and (D) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

The notes to the financial statements for 2018 and 2019 required significant revisions, which were agreed to by Village management and are reflected in the accompanying notes to the financial statements. We noted the following:

- The Reporting Entity note had not been updated for the change in the Village’s public entity risk pool.
- The Summary of Significant Accounting Policies – Fund Accounting note include the permanent fund,
- The Deposits note contained incorrect balances.
- The Budgetary Activity note did not include proper amounts for Budgeted Receipts, Actual Receipts, Appropriation Authority, and Budgetary Disbursements. In addition, the Budgetary Activity note erroneously included a debt service fund which should have been included in the Enterprise fund.
- The Debt note principal balances outstanding were not correct for 2019 and the amortization schedules were not complete or accurate.
- The Post Employment Benefits note disclosures were not made.

In addition, the financial statements required the following adjustments:

- Other financing uses of \$5,530 were reclassified to contractual services in the Sewer Operating fund in 2018.
- Unassigned general fund balances of \$1,707 in 2018 and \$10,450 in 2019 were reclassified to assigned fund balances to account for subsequent year appropriations exceeding subsequent year estimated receipts. Various other minor fund balance reclassifications were also made.

The accompanying financial statements and the Village’s records have been adjusted to properly reflect these transactions.

VILLAGE OF ALEXANDRIA
LICKING COUNTY
Schedule of Audit Findings - Continued
December 31, 2019 and 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2019-001 – Material Weakness (continued)

Notes to the Financial Statements and Reclassifications (continued)

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Village Officer's Handbook, the Uniform Accounting Network Manual, GASB 54, AOS Audit Bulletin 2011-004 and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management's Response:

See Corrective Action Plan on page 32.

Finding Number 2019-002 – Non Compliance

Negative Fund Balance

Ohio Rev. Code 5705.10(H) states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

As of December 31, 2018, the Village had a negative Street Construction Maintenance and Repair fund balance of (\$1,942) and Water Operating fund balance of (\$3,285). The Water Operating fund was negative through September 2019. The Sewer Operating fund was negative from April through September 2019.

These conditions were corrected in 2019. All balances were positive at December 31, 2019.

Management's Response:

See Corrective Action Plan on page 32.

VILLAGE OF ALEXANDRIA
LICKING COUNTY
Schedule of Audit Findings - Continued
December 31, 2019 and 2018

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

Finding Number 2019-003 – Noncompliance

Appropriations not Properly Approved/Budgetary Entries in UAN System

Ohio Rev. Code § 5705.40 provides that appropriations may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. No appropriation is official unless filed with the County Budget Commission and certified by the County Auditor. We noted the Fiscal Officer entered budgetary entries in the UAN system that were not approved by the Village Council nor filed with the County Budgetary Commission, thereby allowing the Village to expend amounts in excess of approved appropriations. Accordingly, the Council could not properly monitor Village expenditures versus budgetary restrictions.

We recommend that the Fiscal Officer enter budgetary information only from the appropriations approved by the Village Council and estimated resources certified by the County Auditor.

Finding Number 2019-004 – Noncompliance

Expenditures Exceeded Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

We noted the following funds had expenditures plus encumbrances that exceeded appropriations at December 31, 2019:

<u>Fund Name</u>	<u>Approved</u> <u>Appropriations</u>	<u>Budgetary</u> <u>Disbursements</u>	<u>Variance</u>
General	\$ 76,099	\$ 136,169	\$ (60,070)
State Highway	500	1,434	\$ (934)
Parks & Recreation	2,315	2,826	(511)
Water Operating	143,483	146,269	(2,786)
Sewer Operating	156,184	164,269	(8,085)
USDA Debt Service Reserve	-	6,271	(6,271)

VILLAGE OF ALEXANDRIA
LICKING COUNTY
Schedule of Audit Findings - Continued
December 31, 2019 and 2018

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

Finding Number 2019-004 – Noncompliance (continued)

We noted the following funds had expenditures plus encumbrances that exceeded appropriations at December 31, 2018:

<u>Fund Name</u>	<u>Approved Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
Street Construction, Maintenance & Repair	\$ 27,218	\$ 28,933	\$ (1,715)
Water Operating	139,937	148,372	(8,435)
Sewer Operating	177,358	183,485	(6,127)
USDA Debt Service	87,309	88,150	(841)
USDA Debt Service Reserve	-	841	(841)
Museum Expendable	-	14,698	(14,698)

Expenditures for each fund should not exceed appropriations. Failure to follow approved budgets could lead to overspending and the possibility of negative fund balances. To ensure expenditures do not exceed appropriations, the Village should monitor its financial activity periodically and amend its approved budgets accordingly.

Management’s Response:

See Corrective Action Plan on Page 32.

Finding Number 2019-005– Material Weakness

Fund Balance Assurance

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 a reasonable 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, 2019 and 2018, 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.

VILLAGE OF ALEXANDRIA
LICKING COUNTY
Schedule of Audit Findings - Continued
December 31, 2019 and 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2019-005– Material Weakness – (continued)

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.

Management’s Response:

See Corrective Action Plan on Page 32.

VILLAGE OF ALEXANDRIA
 LICKING COUNTY
 For the Years Ended December 31, 2019 and 2018

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2017-001	Material Weakness – Financial Statement Presentation	Not Corrected	
2017-002	Non Compliance and Material Weakness – Budgetary Deficiencies	Not Corrected	
2017-003	Non Compliance and Material Weakness – Posting of Revenues	Corrected	
2017-004	Material Weakness-Fund Balance Assurance	Not Corrected	

**VILLAGE OF ALEXANDRIA
LICKING COUNTY
For the Years Ended December 31, 2019 and 2018**

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	The Village will review the recommended documents and review their procedures for preparing financial statements.	Immediately	Carol Gissinger, Fiscal Officer
2019-002	This was corrected by the end of 2019.	Immediately	Carol Gissinger, Fiscal Officer
2019-003	The Council and fiscal officer will compare appropriations and estimated receipts in UAN to budgetary documents filed with the County Auditor on a regular basis to ensure they agree.	Immediately	Carol Gissinger, Fiscal Officer
2019-004	The budgetary status reports will be reviewed at all monthly meetings to ensure compliance with budgetary laws.	Immediately	Carol Gissinger, Fiscal Officer
2019-005	The Village will reconsider its options to correct this finding.	Immediately	Carol Gissinger, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ALEXANDRIA

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/12/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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