



**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF ALEXANDRIA  
LICKING COUNTY

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Mary Taylor, CPA  
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

April 30, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Alexandria, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Alexandria, Licking County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As indicated in Note 1B, for year ended 2008 the Village changed its financial statement presentation method to conform to presentation methods the Auditor State prescribes or permits.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

April 30, 2010

**VILLAGE OF ALEXANDRIA  
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, 2009**

	<b>Governmental Fund Types</b>				<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>					
Property and Local Taxes	\$32,958.78	\$11,036.75	\$0.00	\$0.00	\$43,995.53
Intergovernmental	34,909.93	29,685.39	0.00	0.00	64,595.32
Charges for Services	1,727.57	0.00	0.00	0.00	1,727.57
Fines, Licenses and Permits	41,118.70	0.00	0.00	0.00	41,118.70
Earnings on Investments	217.58	262.67	0.00	47.07	527.32
Miscellaneous	2,451.23	1,302.00	0.00	0.00	3,753.23
<b>Total Cash Receipts</b>	<b>113,383.79</b>	<b>42,286.81</b>	<b>0.00</b>	<b>47.07</b>	<b>155,717.67</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons & Property	40,358.39	10,042.56	0.00	0.00	50,400.95
Leisure Time Activities	0.00	4,997.10	0.00	0.00	4,997.10
Community Environment	1,977.67	0.00	0.00	0.00	1,977.67
Transportation	0.00	13,658.46	0.00	0.00	13,658.46
General Government	96,530.59	0.00	0.00	0.00	96,530.59
Capital Outlay	0.00	0.00	17,470.69	0.00	17,470.69
Debt Service:					
Principal Payment	2,496.90	3,337.26	0.00	0.00	5,834.16
Interest and Fiscal Charges	2,415.54	481.14	0.00	0.00	2,896.68
<b>Total Cash Disbursements</b>	<b>143,779.09</b>	<b>32,516.52</b>	<b>17,470.69</b>	<b>0.00</b>	<b>193,766.30</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(30,395.30)</b>	<b>9,770.29</b>	<b>(17,470.69)</b>	<b>47.07</b>	<b>(38,048.63)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	0.00	2,189.23	0.00	0.00	2,189.23
Transfers-Out	(25,331.71)	0.00	0.00	(1,857.52)	(27,189.23)
Other Financing Uses	(150.00)	0.00	0.00	0.00	(150.00)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(25,481.71)</b>	<b>2,189.23</b>	<b>0.00</b>	<b>(1,857.52)</b>	<b>(25,150.00)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</b>	<b>(55,877.01)</b>	<b>11,959.52</b>	<b>(17,470.69)</b>	<b>(1,810.45)</b>	<b>(63,198.63)</b>
<b>Fund Cash Balances, January 1</b>	<b>78,426.96</b>	<b>12,518.61</b>	<b>17,470.69</b>	<b>18,457.52</b>	<b>126,873.78</b>
<b>Fund Cash Balances, December 31</b>	<b>\$22,549.95</b>	<b>\$24,478.13</b>	<b>\$0.00</b>	<b>\$16,647.07</b>	<b>\$63,675.15</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$1,034.79</b>	<b>\$1,071.76</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,106.55</b>

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

**VILLAGE OF ALEXANDRIA  
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, 2009**

	Proprietary	Fiduciary Fund		Totals
	Enterprise	Private Purpose	Agency	(Memorandum Only)
<b>Operating Cash Receipts:</b>				
Charges for Services	\$255,123.34	\$0.00	\$0.00	\$255,123.34
Total Operating Cash Receipts	255,123.34	0.00	0.00	255,123.34
<b>Operating Cash Disbursements:</b>				
Current:				
Personal Services	27,010.00	0.00	0.00	27,010.00
Employee Fringe Benefits	4,194.45	0.00	0.00	4,194.45
Contractual Services	148,890.71	500.00	0.00	149,390.71
Supplies and Materials	3,603.54	1,307.19	0.00	4,910.73
Other	417.26	0.00	0.00	417.26
Total Operating Cash Disbursements	184,115.96	1,807.19	0.00	185,923.15
Operating Income/(Loss)	71,007.38	(1,807.19)	0.00	69,200.19
<b>Non-Operating Receipts/Disbursements</b>				
Intergovernmental	9,740.49	0.00	0.00	9,740.49
Earnings on Investments	0.00	3,696.16	0.00	3,696.16
Miscellaneous Receipts	0.00	248.90	0.00	248.90
Redemption of Principal	(6,006.68)	0.00	0.00	(6,006.68)
Interest and Other Fiscal Charges	(65,519.88)	0.00	0.00	(65,519.88)
Other Non-Operating Cash Receipts	0.00	0.00	53,630.00	53,630.00
Other Non-Operating Cash Disbursements	0.00	0.00	(51,575.00)	(51,575.00)
Total Non-Operating Receipts/Disbursements	(61,786.07)	3,945.06	2,055.00	(55,786.01)
Excess of Receipts Over Disbursements Before Interfund Transfers	9,221.31	2,137.87	2,055.00	13,414.18
Transfers-In	181,383.37	0.00	0.00	181,383.37
Transfers-Out	(156,383.37)	0.00	0.00	(156,383.37)
Net Receipts Over/(Under) Disbursements	34,221.31	2,137.87	2,055.00	38,414.18
Fund Cash Balances, January 1	137,633.60	81,093.69	3,531.00	222,258.29
<b>Fund Cash Balances, December 31</b>	<u>\$171,854.91</u>	<u>\$83,231.56</u>	<u>\$5,586.00</u>	<u>\$260,672.47</u>
Reserve for Encumbrances, December 31	<u>\$31,465.89</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$31,465.89</u>

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

**VILLAGE OF ALEXANDRIA  
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, 2008**

	<b>Governmental Fund Types</b>				<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>					
Property and Local Taxes	\$33,577.13	\$11,202.10	\$0.00	\$0.00	\$44,779.23
Intergovernmental	40,159.92	24,162.20	277,326.00	0.00	\$341,648.12
Charges for Services	1,873.49	0.00	10,065.76	0.00	\$11,939.25
Fines, Licenses and Permits	70,258.25	0.00	0.00	0.00	\$70,258.25
Earnings on Investments	2,787.31	173.20	24.28	462.03	\$3,446.82
Miscellaneous	4,595.78	4,547.87	299.11	0.00	\$9,442.76
<b>Total Cash Receipts</b>	<b>153,251.88</b>	<b>40,085.37</b>	<b>287,715.15</b>	<b>462.03</b>	<b>481,514.43</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons & Property	38,852.06	10,678.59	0.00	0.00	49,530.65
Leisure Time Activities	0.00	2,729.67	0.00	112.50	2,842.17
Community Environment	2,935.80	0.00	0.00	0.00	2,935.80
Basic Utility Services	520.00	0.00	37,705.84	0.00	38,225.84
Transportation	0.00	23,181.67	0.00	0.00	23,181.67
General Government	107,127.65	2,315.70	0.00	0.00	109,443.35
Capital Outlay	4,546.81	2,828.20	171,401.45	0.00	178,776.46
Debt Service:					
Principal Payment	2,381.87	3,100.00	1,608,000.00	0.00	1,613,481.87
Interest and Fiscal Charges	2,530.57	718.40	89,480.00	0.00	92,728.97
<b>Total Cash Disbursements</b>	<b>158,894.76</b>	<b>45,552.23</b>	<b>1,906,587.29</b>	<b>112.50</b>	<b>2,111,146.78</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(5,642.88)</b>	<b>(5,466.86)</b>	<b>(1,618,872.14)</b>	<b>349.53</b>	<b>(1,629,632.35)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	0.00	1,000.16	15.95	0.00	1,016.11
Transfers-Out	(4,079.16)	0.00	0.00	(1,000.00)	(5,079.16)
Proceeds of Bonds	0.00	0.00	1,603,000.00	0.00	1,603,000.00
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(4,079.16)</b>	<b>1,000.16</b>	<b>1,603,015.95</b>	<b>(1,000.00)</b>	<b>1,598,936.95</b>
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements And Other Financing Disbursements	(9,722.04)	(4,466.70)	(15,856.19)	(650.47)	(30,695.40)
Fund Cash Balances, January 1	88,149.00	16,985.31	33,326.88	19,107.99	157,569.18
<b>Fund Cash Balances, December 31</b>	<b>\$78,426.96</b>	<b>\$12,518.61</b>	<b>\$17,470.69</b>	<b>\$18,457.52</b>	<b>\$126,873.78</b>
Reserves for Encumbrances, December 31	\$1,034.79	\$1,071.76	\$0.00	\$0.00	\$2,106.55

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

VILLAGE OF ALEXANDRIA  
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, 2008**

	Proprietary	Fiduciary Fund		Totals
	Enterprise	Private Purpose	Agency	(Memorandum Only)
<b>Operating Cash Receipts:</b>				
Charges for Services	\$264,879.89	\$0.00	\$0.00	\$264,879.89
Total Operating Cash Receipts	<u>264,879.89</u>	<u>0.00</u>	<u>0.00</u>	<u>264,879.89</u>
<b>Operating Cash Disbursements:</b>				
Current:				
Personal Services	31,238.64	0.00	0.00	31,238.64
Employee Fringe Benefits	4,667.01	0.00	0.00	4,667.01
Contractual Services	91,474.64	0.00	0.00	91,474.64
Supplies and Materials	3,517.60	0.00	0.00	3,517.60
Other	1,425.91	0.00	0.00	1,425.91
Total Operating Cash Disbursements	<u>132,323.80</u>	<u>0.00</u>	<u>0.00</u>	<u>132,323.80</u>
Operating Income	<u>132,556.09</u>	<u>0.00</u>	<u>0.00</u>	<u>132,556.09</u>
<b>Non-Operating Receipts/Disbursements</b>				
Earnings on Investments	31.62	3.40	0.00	35.02
Capital Outlay	(1,184.75)	0.00	0.00	(1,184.75)
Redemption of Principal	(12,013.36)	0.00	0.00	(12,013.36)
Other Non-Operating Cash Receipts	0.00	754.00	90,877.00	91,631.00
Other Non-Operating Cash Disbursements	0.00	(2,115.76)	(88,760.00)	(90,875.76)
Total Non-Operating Receipts/Disbursements	<u>(13,166.49)</u>	<u>(1,358.36)</u>	<u>2,117.00</u>	<u>(12,407.85)</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	119,389.60	(1,358.36)	2,117.00	120,148.24
Transfers-In	81,504.20	4,063.05	0.00	85,567.25
Transfers-Out	<u>(81,504.20)</u>	<u>0.00</u>	<u>0.00</u>	<u>(81,504.20)</u>
Net Receipts Over/(Under) Disbursements	119,389.60	2,704.69	2,117.00	124,211.29
Fund Cash Balances, January 1	<u>18,244.00</u>	<u>78,389.00</u>	<u>1,414.00</u>	<u>98,047.00</u>
<b>Fund Cash Balances, December 31</b>	<u>\$137,633.60</u>	<u>\$81,093.69</u>	<u>\$3,531.00</u>	<u>\$222,258.29</u>
Reserve for Encumbrances, December 31	<u>\$1,518.89</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$1,518.89</u>

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

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of 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, and police services.

The Village participates in the Ohio Municipal Joint Self-Insurance Pool a public entity risk pool. Note 7 to the financial statements provides additional 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 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 Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

For the year ended December 31, 2008, the Village changed its financial presentation comparable to the requirements of Government Accounting Standard No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits. This change did not result in a restatement of fund balances.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. 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.

STAR Ohio is recorded at share values that STAR Ohio reports. The Village values certificates of deposit at cost.

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Policy Operation Levy Fund – This fund receives property tax money to for providing security of persons and property.

**3. 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:

USRD - Grant Fund – This fund is used to account for USDA Grant monies and bond proceeds for the building of the wastewater treatment plant.

**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 sanitary sewer service costs.

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**D. Fund Accounting (Continued)**

**4. Enterprise Funds (Continued)**

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

**5. 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 local museum. As of December 31, 2007 this fund was reported as a special revenue fund; however, Village management reviewed this classification and determined that fund should be reported as a private purpose trust. As of January 1, 2008 the Village began reporting this fund as a private purpose trust.

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**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.

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**E. Budgetary Process (Continued)**

**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. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**2. Equity in Pooled Deposits and Investments**

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:

	2009	2008
Demand deposits	\$59,517	\$254,407
Certificates of deposit	80,871	77,027
Total deposits	140,388	331,434
STAR Ohio	16,645	17,698
Repurchase (Sweep) agreement	167,314	0
Total investments	183,959	17,698
Total deposits and investments	\$324,347	\$349,132

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

**Investments:** To secure the bank's liability to the Village for balances of the sweep account above the \$250,000 Federal Deposit Insurance Corporation limit the bank grants the Village a security interest in U.S. Treasury Securities and U.S. Agency Securities now existing or later acquired and held by the bank in a third-party custody at the Federal Home Loan Bank of Cincinnati, Ohio in a segregated customer's securities account maintained by the bank.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,384	\$113,384	\$0
Special Revenue	57,480	44,476	(13,004)
Capital Projects	0	0	0
Enterprise	446,246	446,246	0
Permanent	47	47	0
Trust	1,827	3,945	2,118
Total	\$618,984	\$608,098	(\$10,886)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$163,914	\$170,296	(\$6,382)
Special Revenue	57,480	33,589	23,891
Capital Projects	17,471	17,471	0
Enterprise	372,926	443,492	(70,566)
Permanent	1,858	1,858	0
Trust	3,845	1,807	2,038
Total	\$617,494	\$668,513	(\$51,019)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$159,314	\$153,252	(\$6,062)
Special Revenue	45,194	41,086	(4,108)
Capital Projects	1,790,991	1,890,731	99,740
Enterprise	356,677	346,415	(10,262)
Permanent	462	462	0
Trust	2,030	4,820	2,790
Total	\$2,354,668	\$2,431,484	\$79,308

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$194,948	\$164,009	\$30,939
Special Revenue	85,945	46,624	39,321
Capital Projects	1,691,180	1,906,587	(215,407)
Enterprise	232,508	228,545	3,963
Permanent	9,300	1,113	8,187
Trust	5,000	2,116	2,884
Total	\$2,218,881	\$2,348,994	(\$130,113)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds, General Fund, and Water Fund by \$6,382 and \$70,566 respectively for the year ended December 31, 2009. Also Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following fund, USRD Grant Fund by \$215,407 for the year ended December 31, 2008.

Also contrary to Ohio law, appropriations exceeded total certified resources by \$23,766 in the special revenue funds in 2008.

**4. Property Tax**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. Debt**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Mortgage Revenue Bonds	\$1,603,000	4.38%
Building Bonds	41,872	5.45%
Ohio Public Works Commission Loan CT64H	180,000	0.00%
Ohio Public Works Commission Loan CQ917	16,111	0.00%
Capital Lease	7,596	5.08%
Total	<u><u>\$1,848,579</u></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 are 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, 2009 is \$109,650, \$12,431, and \$0, 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.

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.

In 2007, the Village entered into a lease-purchase agreement with the Park National Bank for a street truck. Interest is charged at 5.08% and payments of \$318 are made monthly.

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. Debt (Continued)**

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

Year ending December 31:	USDA		OPWC Loan CT64H	OPWC Loan	
	Mortgage Revenue Bond	Building Bond		CQ917	Capital Lease
2010	\$70,131	\$4,899	\$10,000	\$2,014	\$3,818
2011	87,231	4,899	10,000	2,014	3,818
2012	87,383	4,899	10,000	2,014	318
2013	87,196	4,899	10,000	2,014	
2014	87,382	4,899	10,000	2,014	
2015-2019	436,330	24,015	50,000	6,041	
2020-2024	436,317	7,758	50,000	0	
2025-2029	436,474	0	30,000	0	
2030-2034	436,373	0	0	0	
2035-2039	436,473	0	0	0	
2040-2044	436,429	0	0	0	
2045-2048	349,086	0	0	0	
Total	<u>\$3,386,805</u>	<u>\$56,268</u>	<u>\$180,000</u>	<u>\$16,111</u>	<u>\$7,954</u>

**6. 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 the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For both 2009 and 2008, 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, 2009.

**7. 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 certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Pool Membership (Continued)**

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$2,552,519	\$ 2,405,834
Liabilities	<u>(2,814,306)</u>	<u>(2,877,385)</u>
Accumulated deficit	<u>(\$261,787)</u>	<u>(\$471,551)</u>

**8. Contingent Liabilities**

The Village is a defendant in a lawsuit. The management of the Village believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

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.

**9. Management Plan**

The Village is having difficulties meeting operational expenses of the Water Fund. As of December, 31, 2009, the Water Fund had an unencumbered fund balance of (\$29,096). The Water Fund had an operating loss of (\$42,331) during fiscal year 2009.

The Village Council (the Council) has prepared the following management plan to address the Water Fund's financial difficulty. The plan will be monitored during fiscal 2010.

- The Council is considering raising the Operating & Maintenance fee from \$11 per customer per month to \$15.
- The Council is considering issuing a bond to pay off an outstanding invoice in the amount of \$29,947 due a contractor for emergency waterline repairs. Council will raise water rates to offset debt service expenses of the bond issue.
- The Council plans on adopting a maintenance program this year to cut down on unexpected major water leaks; which in turn should help to avoid large unexpected waterline repair expenses.
- The Village will send a letter to all residents informing that all past due accounts must be brought up date and the timeframe in which this must be done or service will be terminated.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Village of Alexandria, Licking County, Ohio (the Village) as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated April 30, 2010 wherein we noted the Village changed their financial presentation and prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-002, 2009-003, and 2009-008 described in the accompanying schedule of findings to be material weaknesses.

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. We consider finding 2009-001 described in the accompanying schedule of findings to be a significant deficiency.

### **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, providing an opinion 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 2009-004 through 2009-007.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 30, 2010.

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

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 30, 2010

VILLAGE OF ALEXANDRIA  
LICKING COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

**Water & Sewer Receipts – Significant Deficiency**

Sound internal control over operations and monitoring of Utility Department activity would suggest the Village should have policies over procedures for the billing, collection and recording of water and sewer receipts including adjustments to customer account, access to standing data and open accounts receivable. Village Council would be responsible to approve the policies and assure the policies are being followed by the Village's Village Administrator who also serves as Water and Sewer Clerk.

We noted the following internal control weaknesses over Utility Operations:

The Village has not developed policies and procedures for operations related to the Utility Operations. The Village experienced a high rate of turnover in the position of Water/Sewer Clerk/Village Administrator, and the lack of policies and procedures contributed to confusion in handling the billing and collection of utility accounts. As a result, the operations were left up to one individual making decisions over departmental operations with no specific policy guidance or oversight by someone independent of the operations, including Village Council. The lack of written policy, procedures and monitoring oversight contributed to the following issues.

Standing data of rates and fees could be easily altered in the Village's Utility Department computer system without approval of management or someone independent of the Department's operations. Although the system utilized by the Village should record usage directly from electronic meter reading devices, many times, bills were entered by hand, rather than allowing the system to self-generate bills. Additionally, in 2009, when a Utility Clerk left Village employment, a Council Member was given broad authority by the Mayor to make changes and adjustments to customer bills for errors in standing data on the system or meter readings that were determined to be wrong or erroneous. Detailed descriptions for the reasons for the adjustments, by individual account were not maintained. The numerous adjustments made were not approved by the Village Council, nor were problems being encountered formally discussed in the minutes of Village Council.

Although the Village has an Ordinance requiring all accounts overdue for 30 or more days are to be assessed a late fee of \$20 and that all accounts overdue for 60 or more days should be issued a shut off notice, late fees were not assessed nor were shut off notices issued in accordance with the Ordinance.

Accounts receivable balances were not monitored by Village Council, and many residence, including Council Members, and the former Mayor, carried open account balances for considerable periods exceeding 120 days or longer. Open Accounts receivable balances at December 31, 2008 and 2009 were approximately \$34,500 and \$35,000, respectively. These balances exist at a time when the Village is experiencing financial difficulty in the Utility Department.

We recommend Council and the Mayor ensure that a policy manual be developed for Utility Department personnel to follow including meter reading, billing, collections, depositing, review of accounts receivable and adjustments to accounts. Someone independent of the operations should be assigned to periodically review the process to assure that the policies are followed and that Council be presented with monthly utility reports reporting total billed, total collected, open accounts receivable and adjustments for the month. Council should follow-up on large accounts receivable balances to assure collections are timely and that the required late fees are collected. In addition, we recommend Council approve a list of adjustments made to a customer's accounts and ensure proper documentation is maintained to support each adjustment.

**OFFICIALS' RESPONSE:** At this time we are following the Auditor of State's recommendation. The Village Administrator is giving Council water reports on a monthly basis which includes total billed, total collected, open accounts receivable and adjustment for the month. Any adjustments being made to a customer's account are being approved by Council by motion and documented in the minutes.

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2009-002**

**Financial Statement Presentation – Material Weakness**

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village’s financial statements.

The Village’s Fiscal Officer did not accurately post certain receipts and disbursements transaction to the Village’s accounting system and financial statements. The following posting errors were noted:

Posting Errors	2008	2009
1. In the capital projects fund the Village did not record the receipt and disbursement activity related to an on-behalf payment made by the Ohio Public Works Commission to the Ohio Water Development Authority (OWDA) to payoff capitalized interest on an OWDA Loan	\$89,480	\$0
2. The Village’s financial statements did not present the Village’s Mayor’s Court activity. This required the following entries to record receipt and disbursement activity, as well as to present beginning and ending fund cash balances:		
Non-operating Cash Receipts	\$90,877	\$53,630
Non-operating Cash Disbursements	\$87,538	\$51,575
Fund Cash Balances, January 1	\$192	\$3,531
Fund Cash Balances, December 31	\$3,531	\$5,586
3. The Village did not record an encumbrance in the water fund, see finding 2009-004	\$0	\$29,947
4. In the capital projects fund the Village recorded debt principal payments as capital outlay requiring a reclassification in the following amount:	\$1,603,000	\$0
5. In the capital projects fund the Village recorded bond proceeds as other financing sources requiring a reclassification in the following amount:	\$1,603,000	\$0
6. In the capital projects fund the Village recorded intergovernmental receipts as other financing sources requiring a reclassification in the following amount:	\$187,846	\$0

Not posting receipts and disbursements, including identifying all encumbrances, to the Villages accounting system and financial statements resulted audit reclassifications and adjustments; furthermore, inaccurate accounting records could make it difficult for the Village Council to effectively monitor the Village’s activities or identify misstatements or errors in a timely manner.

VILLAGE OF ALEXANDRIA  
LICKING COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)

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

FINDING NUMBER 2009-002 (Continued)

Financial Statement Presentation – Material Weakness (Continued)

We recommend the Village's Fiscal Officer takes steps to ensure the accurate posting of all transactions. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions and Village Officers' Handbook.

The Village's financial statements and accounting records have been adjusted to accurately reflect the proper line item classifications and totals.

**OFFICIALS' RESPONSE:** The Fiscal Officer and Council will periodically review the financial records to ensure all transactions have been recorded and recorded to the correct line items.

FINDING NUMBER 2009-003

Mayor's Court – Material Weakness

For proper monitoring of court transactions, a duplicate receipts should be issued for each fine and fee paid into the Mayor's Court and the receipt should be posted to a cash journal maintained by the Mayor's Court Clerk. This journal would be reconciled on a monthly basis, including reporting all receipts by receipt number and should reflect checks written to the Village and State by check number. At the end of each month the ending balance in the cash journal should be reconciled to the bank statement, including identifying outstanding checks, deposits in transit, and open items. The reconciliation should be approved by the Mayor for accuracy.

The total activity of the Mayor's Court cash journal would also be recorded in an Agency fund in the Village's accounting system. To assure the Court operates in a manner consistent with required state and local laws, a policy manual should be established over court operations.

For tickets issued by the Village Police Department, a system should be in place to maintain control over tickets issued throughout the year by Officers and should be periodically compared to tickets filed with the Court by someone independent of the Police Department.

Finally the Mayor's Court should maintain a listing of all tickets submitted to it and whether the tickets have been paid or remain unpaid, and records should be maintained in such a manner that for all fines paid supporting documentation such as, ticket copies, docket information, payment information, and deposit information is easily and readily identifiable.

The Village Mayor's Court cash journal was incomplete and did not document beginning or ending cash balances and was not reconciled to the bank on a monthly basis. Failure to maintain complete and accurate financial information, performance of bank reconciliations, and the lack of policies and procedures over the collection and safeguarding of fines led to the following errors, omissions, and loss of fines:

- A total of \$16,690 in fines deposited in the Mayor's Court bank account was not recorded in Mayor's Court cash book. \$4,452 in fiscal year 2008 and \$12,148 in fiscal year 2009

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2009-003 (Continued)**

**Mayor's Court – Material Weakness (Continued)**

- A total of \$12,310 in fines received was deposited into the Mayor's Court bank account for which no duplicate receipt was written. \$162 in fiscal year 2008 and \$12,148 in fiscal year 2009. This amount represents a portion of the \$16,690 (above) not recorded in Mayor's Cash Book.
- In fiscal 2009, the Village received \$10,000 more in fines and fees from the Mayor's Court than calculated in Mayor's Cash Book. This amount represented the Village's estimate of its share of the deposited but unrecorded fines noted above (\$16,690); however, there was no written documentation to support the estimate. Prior to the date of this report, the Village was able to indentify \$13,238 of the unrecorded amount noted above (\$16,690), of which, \$10,598 was determined to be the Village's share and \$2,640 is due to the state. At December 31, 2009, \$598 of the \$10,598 was owed to the Village's General Fund, See Finding Number 2009-005.
- In fiscal year 2008, receipts in the amount of \$225 and \$100 were collected but not deposited in the Mayor's Court bank account. A police report for theft was filed for the \$225. The theft was investigated, no action was taken. The Mayor, at the time the \$100 was not deposited, wrote a personal check to the Village for the missing \$100 receipt/deposit.
- At December 31, 2009, \$2,348 of the Mayor's Court fund cash balance remained unidentified. The balance represents amounts due the Village and the State; however, the amount due to each remained undetermined.

We recommend the following in regards to the Village's Mayor's Court:

- The Village Mayor, Clerk of the Mayor's Court, and the Village Fiscal Officer should develop written policies and procedures over the collection, safeguarding, and recording of Mayor's Court fines and fees. The policies and procedures should be approved and adopted by the Village Council. The policies and procedures should include, but not be limited to the following:
  - A duplicate pre-numbered receipt be prepared and issued for every fine and fee collected;
  - The methods, times, and places by which fines can be paid, as well as persons authorized to collect fines;
  - That fines collected be deposited with Mayor's Court financial institution no later than the next business day, or other time as adopted and approved by the Village Council and allowed under the Ohio Revised Code;
  - The method by which fines collected are to be safeguarded until deposited;
  - The method by which the timely and accurate recording of fines collected is ensured to be recorded in the Mayor's Court cashbook or other similar vehicle such as a Mayor's Court software package;
  - The method by which the Mayor's Court ensures all tickets issued have been submitted to the Court as well as the method by which the Court documents which tickets have been paid in full and those that remain partially paid or unpaid;
  - The manner in which records are to be maintained so that for each fine collected a copy of the ticket, the docket, proof of and type of payment, and proof of deposit of the payment are easily and readily identifiable.

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2009-003 (Continued)**

**Mayor's Court – Material Weakness (Continued)**

- The Village Mayor and Mayor's Court Clerk should identify all funds owed the Village and State from the amounts noted above, including the unidentified amount of \$3,452 at December 31, 2009. All documentation supporting the determination of who is owed the funds should be maintained for future reference. Once a final determination is made, payments to the Village and State should be made promptly.
  
- The Clerk of the Mayor's Court (CoC) should maintain a cash journal by month which details fines paid by receipt number and disbursements made by check number. The cash journal should also document the beginning and ending cash balances for the month. The CoC should perform a monthly bank reconciliation to the ending cash balance in the cash journal. The CoC should submit a copy of the reconciliation as well as a summary of the monthly receipts and disbursements to the Village Fiscal Officer (FO). The FO should record the total receipts and disbursements in an Agency fund in the Village's accounting system. The FO should ensure the Agency fund ending fund cash balance agrees with reconciled cash journal balance.
  
- The Chief of Police should develop written procedures which ensure control over ticket books issued to individual officers and the completeness of tickets issued by officers. For example, an inventory of unissued ticket books should be maintained. When a ticket book is issued it should be documented to which officer the book was issued as well as the beginning and ending ticket number. The disposition of each ticket in the book should be documented, i.e., issued, voided, missing, etc. A written explanation should be provided for voided and missing tickets. For each ticket issued it should further be documented that the ticket was submitted to the Mayor's Court. All tickets books should be returned to the Village Police Department at the end of each officer's shift and safeguarded.

**OFFICIALS' RESPONSE:** The Mayor's Court will suspend operations as of July 1, 2010, if the Mayor's Court reopens at a future date all of the above recommendations will be implemented.

**FINDING NUMBER 2009-004**

**Prior Certification – Non-Compliance**

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

VILLAGE OF ALEXANDRIA  
LICKING COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)

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

FINDING NUMBER 2009-004 (Continued)

Prior Certification (Continued)

1. "Then and Now" certificates - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village Council.

2. Blanket certificates - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Village Fiscal Officer did not certify the availability of funds prior to the purchase commitment for 13 of the 46 expenditures tested during 2008 and 2009. In addition, for one of the 10 transactions tested where a super blanket certificate was used, the expenditure was not recurring or reasonably predictable. Additionally, at the end of fiscal year 2009, the Village had an invoice for water repairs for \$29,943 which had not been encumbered at fiscal year end; see finding 2009-002.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Fiscal Officer. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**OFFICIALS' RESPONSE:** At this time, Village management is required to request a purchase order prior to making any expenditure commitments. If a purchase order is not obtained prior to commitment it will be brought before Council who will then approve by motion and document in the minutes.

VILLAGE OF ALEXANDRIA  
LICKING COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)

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

FINDING NUMBER 2009-005

**Mayor's Court – Disposition of Fines – Non-Compliance**

**Ohio Rev. Code Section 733.40** requires, in part, that all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor, that in any manner come into the mayor's hands, or that are due the mayor or other officer of the municipal corporation, any other fees and expenses that have been advanced out of the treasury of the municipal corporation, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury. The mayor shall pay all court costs and fees collected by the mayor in state cases into the municipal treasury on the first business day of each month.

As noted in Finding Number 2009-003 there were \$16,690 in receipts from 2008 and 2009 that were deposited in the Mayor's Court bank account that was not recorded in the Mayor's cash book. At December 31, 2009, a portion of these amounts remained unidentified as to what was owed to Village and to the State.

Prior to the date of this report the Village identified \$13,238 of the unrecorded amount and calculated that of that amount \$10,598 was due the Village and \$2,640 of this amount was due to the State. Prior to identifying these amounts, the Village in 2009, took an advance of the previously unidentified amount and thus at December 31, 2009 was owed only \$598 of the \$10,598.

The Village submitted a payment of \$2,640 to the State by check which was dated March 24, 2010. As of the date of this report there remains an unidentified balance of \$2,348 of which it is assumed that a portion is due the Village and a portion due the State.

Additionally we noted that State court costs collected by the Village's Mayor's Court for the months of January 2009 through April of 2009 were not submitted to the State until December 2009.

We recommend the unidentified balance of \$2,348 be immediately remitted to the State of Ohio and the Village. On the first Monday of every month, the Mayor's Court Clerk should write one check to the State and one to the Village for the amount due from fines and fee.

**OFFICIALS' RESPONSE:** The Mayor's Court will suspend operations as of July 1, 2010, if the Mayor's Court reopens at a future date all of the above recommendations will be implemented.

FINDING NUMBER 2009-006

**Alcohol Expenditures – Finding for Recovery - Repaid Under Audit**

*State ex rel. McClure v. Hagerman* (1951), 155 Ohio St. 320 provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2009-006 (Continued)**

**Alcohol Expenditures – Finding for Recovery - Repaid Under Audit (Continued)**

The Bulletin further states that the Auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

The Village expended public funds in the amount of \$195 for the purchase of alcoholic beverages while hosting the Parkapalooza event in fiscal year 2007. Three kegs of beer were purchased personally by then Village Administrator for the event. The Village reimbursed Village Administrator, Crissy Willeke, for the kegs of beer.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against former Village Administrator Crissy Willeke and Ohio Farmers Insurance Co., her bonding company jointly and severally, in the amount of one hundred ninety five dollars (\$195), in favor of the Village of Alexandria’s Park Permanent Fund.

Crissy Willeke repaid \$195 which was receipted into the Village’s Permanent Fund on June 9, 2010.

**OFFICIALS’ RESPONSE:** Christine Willeke has paid the Village of Alexandria \$195.

**FINDING NUMBER 2009-007**

**Non-Compliance**

**Expenditures Exceeding Appropriations – ORC 5705.41(B)**

**Appropriations Exceeding Estimated Resources – ORC 5705.39**

Ohio Rev. Code Section 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 Council adopts the original appropriation measure.

Ohio Rev. Code Section 5705.39 states, in part, that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission, or in the case of appeal, by the board of tax appeals.

Budgetary expenditures exceeded appropriations for the year ended December 31, 2009 and December 31, 2008 at the fund type level as follows:

<b>Fiscal Year</b>	<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
2009	General Fund	\$163,914	\$170,296	(\$6,382)
2009	Enterprise Fund	\$372,926	\$443,492	(\$70,566)
2008	Capital Projects	\$1,691,180	\$1,906,587	(\$215,407)

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2009-007 (Continued)**

**Non-Compliance (Continued)**

**Expenditures Exceeding Appropriations – ORC 5705.41(B) (Continued)**

**Appropriations Exceeding Estimated Resources – ORC 5705.39 (Continued)**

The following fund had appropriations in excess of estimated resources at December 31, 2008:

<b>Fiscal Year</b>	<b>Fund Type</b>	<b>Total Certified Resources</b>	<b>Appropriations</b>	<b>Variance</b>
2008	Special Revenue	\$62,179	\$85,945	(\$23,766)

Failure to follow appropriation authority in place at the time of expenditures or failure to appropriate within estimated resources may result in negative fund balances and the Village being unable to meet its current obligations.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary. We further recommend the Fiscal Officer ensure that estimated resources are sufficient to cover appropriations at the time of certification or amendment.

**OFFICIALS' RESPONSE:** Current management is more knowledgeable of the appropriations restrictions and will comply with state law.

**FINDING NUMBER 2009-008**

**Budgetary Information Reporting – Material Weakness**

The Village's budgetary statements should reflect amounts approved by Council and certified to the County Budget Commission.

During the audit period, the Village's budgetary statements (estimated receipts and appropriations) did not agree to the last Official Amended Certificate of Estimated Resources or the Council approved Annual

Appropriation Measure net of any properly approved supplemental appropriations measures filed with the Budget Commission.

**VILLAGE OF ALEXANDRIA  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2009-008 (Continued)**

**Budgetary Information Reporting – Material Weakness (Continued)**

**2008**

Fund	Estimated Receipts Filed with the County	Estimated Receipts From UAN	Variance
General	\$159,314	\$153,252	\$6,062
Special Revenue	45,194	41,549	3,645
Capital Projects	1,790,991	1,801,251	(10,260)
Enterprise	<u>356,677</u>	<u>346,417</u>	<u>10,260</u>
Total	\$2,352,176	\$2,342,469	\$9,707

Fund	Appropriations Filed with the County	Appropriations From UAN	Variance
General	\$194,948	\$197,124	\$(2,176)
Special Revenue	85,945	49,768	45,477
Capital Projects	1,691,180	1,774,635	(83,455)
Enterprise	<u>232,508</u>	<u>276,301</u>	<u>(43,793)</u>
Total	\$2,213,881	\$2,297,828	\$(83,947)

**2009**

Fund	Appropriations Filed with the County	Appropriations From UAN	Variance
General	\$163,914	\$187,879	\$(23,965)
Special Revenue	57,480	55,910	1,570
Enterprise	<u>372,926</u>	<u>447,926</u>	<u>(75,000)</u>
Total	\$594,320	\$691,715	\$(97,395)

The Village's budget numbers reflected in Note 3 to the financial statements have been updated to those approved by Village Council and certified by the County Budget Commission.

The Fiscal Officer should update the Village's the accounting system so that they agree to the last Official Amended Certificate of Estimated Resources and the Annual Appropriation Measure net of any properly approved supplemental appropriation measures. In addition, when significant increases or decreases in receipts for a particular fund are expected, the Village should obtain an additional Official Amended Certificate of Estimated Resources. Not following these steps could result in appropriations in excess of estimated resources causing resulting deficit fund balances.

**OFFICIALS' RESPONSE:** The Fiscal Officer will ensure that the appropriations and estimated resources recorded in the accounting system agree to those approved by the County Budget Commission.

VILLAGE OF ALEXANDRIA  
LICKING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Ohio Revised Code 5705.41(D) – Prior Certification	No	Reissued as finding 2009-004





**Mary Taylor, CPA**  
Auditor of State

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  
JUNE 24, 2010