



Dave Yost • Auditor of State

VILLAGE OF ALEXANDRIA
LICKING COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Alexandria, Licking County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Charges for services receipts reported in the Proprietary funds are \$281,968 and \$295,109, which represents 99.1% and 99.6% of the total receipts reported of \$284,560 and \$296,219 at fiscal years ended December 31, 2014 and 2015, respectively. The Village's records were not adequate to assure completeness over charges for services and we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts for both fiscal years. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Fines, licenses and permit receipts, charges for services, and miscellaneous receipts reported in the Governmental funds are \$1,601, \$6,816 and \$5,334 for the fiscal year ended December 31, 2014, which represents two percent, seven percent and five percent of 2014 receipts, respectively, in the Governmental funds.

Fines, licenses and permit receipts and miscellaneous receipts reported in the Governmental funds for the fiscal year ended December 31, 2015 are \$4,108 and \$2,933, which represents four percent and three percent, respectively, of 2015 receipts in the Governmental funds. The Village's records were not adequate to assure cutoff and completeness and we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded for the fiscal years. In addition, total receipts collected, but unaccounted for was \$3,399 in the Governmental funds.

The December 31, 2015 cash reconciliation includes unsupported variances of \$6,998. In addition, multiple fund balance adjustments totaling \$6,717 were necessary for all funds. Numerous disbursements within a sample of payroll and non-payroll lacked supporting documentation. We were unable to obtain sufficient appropriate audit evidence over the December 31, 2014 ending balance and 2015 beginning and ending balances due to the issues noted throughout the basis for disclaimer of opinion paragraphs.

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material and would have resulted in an additional opinion modification if we had opined on the financial statements.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018

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, 2015**

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Projects	Permanent	(Memorandum Only)
Cash Receipts:					
Property and Local Taxes	\$ 41,611	\$ 3,838	\$ -	\$ -	\$ 45,449
Intergovernmental	20,211	24,909	-	-	45,120
Charges for Services	17	-	-	-	17
Fines, Licenses and Permits	4,108	-	-	-	4,108
Earnings on Investments	295	-	-	140	435
Miscellaneous	54	2,016	863	-	2,933
Total Cash Receipts	66,296	30,763	863	140	98,062
Cash Disbursements:					
Current:					
Security of Persons & Property	9,568	-	-	-	9,568
Leisure Time Activities	-	3,106	-	-	3,106
Community Environment	1,128	-	-	-	1,128
Transportation	-	33,017	-	-	33,017
General Government	49,301	1,000	-	-	50,301
Debt Service:					
Redemption of Principal	4,672	-	-	-	4,672
Interest and Other Fiscal Charges	1,527	-	-	-	1,527
Total Cash Disbursements	66,196	37,123	-	-	103,319
Total Receipts Over/(Under) Disbursements	100	(6,360)	863	140	(5,257)
Other Financing Disbursements:					
Transfers-Out	(1,500)	-	-	-	(1,500)
Excess of Cash Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(1,400)	(6,360)	863	140	(6,757)
Fund Cash Balance, January 1	22,517	24,178	14	16,775	63,484
Fund Cash Balance, December 31					
Nonspendable	-	-	-	16,600	16,600
Restricted	-	17,818	-	315	18,133
Committed	-	-	877	-	877
Assigned	17,822	-	-	-	17,822
Unassigned	3,295	-	-	-	3,295
Fund Cash Balance, December 31	\$ 21,117	\$ 17,818	\$ 877	\$ 16,915	\$ 56,727

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, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Private Purpose Trusts	
Operating Cash Receipts:			
Charges for Services	\$ 295,109	\$ -	\$ 295,109
Earnings on Investments	-	542	542
Total Cash Receipts	295,109	542	295,651
Operating Cash Disbursements:			
Personal Services	34,159	-	34,159
Employee Fringe Benefits	6,108	42	6,150
Contractual Services	148,067	216	148,283
Supplies and Materials	14,310	300	14,610
Other	-	220	220
Total Cash Disbursements	202,644	778	203,422
Operating Income (Loss)	92,465	(236)	92,229
Non-Operating Receipts/(Disbursements):			
Capital Outlay	(2,850)	-	(2,850)
Principal Retirement	(51,144)	-	(51,144)
Interest and Other Fiscal Charges	(116,859)	-	(116,859)
Earnings on investment	1,110	-	1,110
Miscellaneous Receipts	-	547	547
Total Non-Operating Receipts/(Disbursements)	(169,743)	547	(169,196)
Transfers In	161,344	-	161,344
Transfers Out	(159,844)	-	(159,844)
Net Change in Fund Cash Balances	(75,778)	311	(75,467)
Fund Cash Balances, January 1	221,347	84,270	305,617
Fund Cash Balances, December 31	\$ 145,569	\$ 84,581	\$ 230,150

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, 2014**

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Projects	Permanent	(Memorandum Only)
Cash Receipts:					
Property and Local Taxes	\$ 40,906	\$ 3,402	\$ -	\$ -	\$ 44,308
Intergovernmental	22,411	21,420	-	-	43,831
Charges for Services	6,816	-	-	-	6,816
Fines, Licenses and Permits	1,601	-	-	-	1,601
Earnings on Investments	133	-	-	140	273
Miscellaneous	-	5,334	-	-	5,334
Total Cash Receipts	71,867	30,156	-	140	102,163
Cash Disbursements:					
Current:					
Security of Persons & Property	6,338	-	-	-	6,338
Leisure Time Activities	-	2,798	-	-	2,798
Community Environment	756	-	-	-	756
Transportation	-	21,601	-	-	21,601
General Government	63,434	617	-	-	64,051
Debt Service:					
Redemption of Principal	4,329	-	-	-	4,329
Interest and Other Fiscal Charges	1,794	-	-	-	1,794
Total Cash Disbursements	76,651	25,016	-	-	101,667
Total Receipts Over/(Under) Disbursements	(4,784)	5,140	-	140	496
Fund Cash Balance, January 1	27,301	19,038	14	16,635	62,988
Fund Cash Balance, December 31					
Nonspendable	-	-	-	16,600	16,600
Restricted	-	24,178	-	175	24,353
Committed	-	-	14	-	14
Assigned	11,000	-	-	-	11,000
Unassigned	11,517	-	-	-	11,517
Fund Cash Balance, December 31	\$ 22,517	\$ 24,178	\$ 14	\$ 16,775	\$ 63,484

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, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Private Purpose Trusts	
Operating Cash Receipts:			
Charges for Services	\$ 281,968	\$ -	\$ 281,968
Earnings on Investments	-	726	726
Total Cash Receipts	281,968	726	282,694
Operating Cash Disbursements:			
Personal Services	35,357	-	35,357
Employee Fringe Benefits	5,597	99	5,696
Contractual Services	156,106	580	156,686
Supplies and Materials	25,378	442	25,820
Other	-	722	722
Total Cash Disbursements	222,438	1,843	224,281
Operating Income (Loss)	59,530	(1,117)	58,413
Non-Operating Receipts/(Disbursements):			
Capital Outlay	(13,150)	-	(13,150)
Principal Retirement	(38,032)	-	(38,032)
Interest and Other Fiscal Charges	(68,097)	-	(68,097)
Earnings on Investment	2,592	-	2,592
Miscellaneous Receipts	-	906	906
Total Non-Operating Receipts/(Disbursements)	(116,687)	906	(115,781)
Transfers In	12,013	1,468	13,481
Transfers Out	(12,013)	(1,468)	(13,481)
Net Change in Fund Cash Balances	(57,157)	(211)	(57,368)
Fund Cash Balances, January 1	278,504	84,481	362,985
Fund Cash Balances, December 31	\$ 221,347	\$ 84,270	\$ 305,617

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

Village of Alexandria, Ohio
Licking County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 - Reporting Entity

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

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 Funds:

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

Permissive Motor Vehicle License Tax Fund – This fund receives permissive motor vehicle license taxes used for road and street repairs.

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

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

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

Non Expend Park Fund - The Non Expend 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.

Village of Alexandria, Ohio
Licking County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

USDA Sewer Debt Service Reserves – 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.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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. 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 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.

Village of Alexandria, Ohio
Licking County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

A summary of 2015 and 2014 budgetary activity appears in Note 4.

Deposits

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

Capital Assets

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

Accumulated Leave

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

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). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Village of Alexandria, Ohio
Licking County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014
(Continued)

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Permissive Motor Vehicle License Tax, State Highway, Street Construction, Parks and Recreation, Water Operating, and Sewer Operating Funds by \$6,258, \$1,114, \$2,380, \$977, \$15,460 and \$10,735 respectively for the year ended December 31, 2015.

Budgetary expenditures exceeded appropriation authority in the Sewer Operating, Street Construction, and Water Operating funds by \$15,473, \$5,722, and \$12,932 respectively for the year ended December 31, 2014.

During 2015 and 2014, the Village posted revenues to incorrect funds. In 2015 and 2014, Permissive monies were posted to the State Highway and Street Construction instead of the Permissive Motor Vehicle Tax fund. In 2015, interest was posted to the General fund instead of the Permanent fund. Intergovernmental revenue was posted to the General fund instead of the Permissive Motor Vehicle Tax fund. The adjustments were made to the financial statements.

Note 4 - Budgetary Activity

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,805	\$66,296	(\$509)
Special Revenue	27,758	30,763	3,005
Capital Projects	0	863	863
Enterprise	466,253	457,563	(8,690)
Permanent	100	140	40
Fiduciary	2,057	1,089	(968)
Total	\$562,973	\$556,714	(\$6,259)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,893	\$72,463	\$3,430
Special Revenue	32,800	37,172	(4,372)
Enterprise	545,081	535,188	9,893
Permanent	100	0	100
Fiduciary	3,113	778	2,335
Total	\$656,987	\$645,601	\$11,386

Village of Alexandria, Ohio
Licking County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014
(Continued)

Note 4 - Budgetary Activity (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,703	\$71,867	\$13,164
Special Revenue	25,400	30,156	4,756
Enterprise	304,975	296,573	(8,402)
Permanent	100	140	40
Fiduciary	2,115	3,100	985
Total	\$391,293	\$401,836	\$10,543

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$86,005	\$78,563	\$7,442
Special Revenue	43,820	25,016	18,804
Enterprise	495,195	356,105	139,090
Permanent	100	0	100
Fiduciary	3,339	3,311	28
Total	\$628,459	\$462,995	\$165,464

Note 5 – Deposits

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

	2015	2014
Demand deposits	\$99,428	\$175,079
Certificates of deposit	187,449	194,022
Total deposits	\$286,877	\$369,101

Deposits

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

Village of Alexandria, Ohio
Licking County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014
(Continued)

Note 6 – Taxes

Property Taxes

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 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 changed its fiscal year end to March 31, effective in 2011, in order to align its financial reporting and budgeting with the renewal terms of its excess reinsurance policies.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2015, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

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

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at March 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$ 1,339,719	\$ 1,030,198
Liabilities	<u>(1,051,927)</u>	<u>(882,203)</u>
Accumulated Surplus	\$ <u>287,792</u>	\$ <u>147,995</u>

Village of Alexandria, Ohio
Licking County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014
(Continued)

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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% 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, 2015.

Note 9 - Postemployment Benefits

OPERS offers a 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 2 percent of the employer contribution to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA	\$1,493,500	4.00%
Ohio Public Works Commission Loan CT64H	\$120,000	0.00%
Ohio Public Works Commission Loan CQ917	\$4,027	0.00%
Capital Lease Copier	\$109	10.90%
Building Bonds	23,561	5.00%
Total	<u>\$1,641,201</u>	

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

The mortgage revenue bond covenant requires the Village establish and fund a debt service fund, a debt service reserve fund, and a surplus fund. The balance in these funds at December 31, 2015 is \$-2,810, \$25, and \$1,000, respectively.

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

Village of Alexandria, Ohio
Licking County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014
(Continued)

Note 10 – Debt (Continued)

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 2011, the Village entered a lease-purchase agreement with Gordon Flesch Company for a copier. Interest is charged at 10.9% and monthly payments are \$110.

The Ohio Water Development Authority Loan (OWDA) was to pay for replacing portions of the water distribution system. Interest is charged at 4.57% and payments of \$561 are made monthly. This was paid off in June of 2015.

Amortization

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

Year ending December 31:	Capital Lease Copier	USDA Mortgage Revenue Bonds	Building Bonds	OPWC Loan CT64H	OPWC Loan CQ917
2016	\$109	\$71,409	\$4,912	\$10,000	\$2,013
2017	0	87,338	4,912	10,000	2,013
2018	0	87,223	4,912	10,000	0
2019	0	87,268	4,912	10,000	0
2020	0	87,266	4,912	10,000	0
2021-2025	0	436,419	2,867	50,000	0
2026-2030	0	436,431	0	20,000	0
2031-2035	0	436,395	0		0
2036-2040	0	436,384	0		0
2041-2045	0	436,362	0		0
2046-2048	0	174,628	0		0
Total	<u>\$109</u>	<u>\$2,777,122</u>	<u>\$27,429</u>	<u>\$120,000</u>	<u>\$4,027</u>

Note 11 – Public Entity Risk Pool

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



Dave Yost • Auditor of State

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

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

To the Village Council:

We were engaged to audit in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Alexandria, Licking County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated March 26, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We disclaimed our opinion on these financial statements because we were unable to obtain sufficient appropriate audit evidence over certain receipts, expenditures, or fund cash balances at December 31, 2015 and 2014 and we were unable to satisfy ourselves through alternative audit procedures to support an audit opinion.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001, 2015-003, 2015-004, 2015-008, 2015-009, and 2015-012 through 2015-014 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-002 and 2015-004 through 2015-011.

Village's Response to Findings

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.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Village Council Monitoring – Material Weakness

The Village Council is responsible for monitoring monthly reports and checking to determine that related documents agree. At each regular monthly meeting, at a minimum, the Council should receive and review the bank reconciliation and the detailed budget and actual receipt and disbursement reports. Monthly bank reconciliations should be reviewed to ensure bank balances agree with the monthly fund balances. Any reconciling items should be reviewed to verify there are no unexplained items, and/or the explanations are factual. The detailed budget versus actual reports should be reviewed to determine that receipts are in line with estimates and that expenditures are within appropriations and if necessary, appropriate budget modifications are requested. The Village Council should also be monitoring the water and sewer account adjustments, delinquency logs and all complaints in regards to water bills. In addition, a policy and procedures manual provides assurances that key areas in the Village's operations and fiscal policies are well documented in written form for all employees to clearly understand.

There was no documentation provided to support that the Village Council reviewed or monitored the monthly bank reconciliations, budget reports, receipt and expenditure ledgers or payroll reports. The Village also does not have a policies and procedures manual to establish guidelines for their employees and the Council as a whole to allow for proper monitoring of the Village's activity. This includes a lack of policy and procedures for receipts, disbursements, credit cards, zoning activity, fraud reporting system, and employee reimbursements,

Failure to monitor financial information has led to noncompliance, errors and irregularities in the financial statements, misappropriation of assets and funds. Failure to adopt a policies and procedures manual can lead to the Village not providing services or employees not receiving benefits in an equitable and consistent approach and in accordance with the Council's intentions.

Council should carefully review the information above and make appropriate inquiries to assure the continued integrity of accounting information in order to make informed decisions to manage the Village, such as the following:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received?
- When cash is available, is the Village maximizing its return on invested cash balances?
- Are the Village records, reports and cash reconciliations maintained and presented in a timely manner that provides accurate and meaningful information to Council?
- Are errors and irregularities examined timely and are those responsible for providing accounting information being held accountable for providing accurate and complete financial information.

To improve the monitoring controls over this activity, the Council should document receipt and review of all of these reports in the minutes. Also, a designated Council member should sign or initial and date these reports as evidence of review as well as requiring the signature of a Council member or Mayor on all checks.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-001 (Continued)

Village Council Monitoring – Material Weakness (Continued)

Lastly, given the Village’s general lack of policies and procedures, we recommend the Council develop and adopt a Village wide policies and procedures manual that would address accounting operations, human resource issues, credit cards, related Ohio Revised Code requirements, the above noted issues, and those issues unique to Village operations. A resource for developing a policy manual would be the Auditor of State, Village Officer’s Handbook, the Ohio Revised Code and other villages and municipalities that have adopted policy and operational manuals

Officials’ Response: This finding of material weakness relates to gaps in internal control policies and procedures that are necessary to ensure appropriate oversight of the Village’s finances by Village Council. Your staff noted that there was “no documentation provided to support that the Village Council reviewed or monitored the monthly bank reconciliations, budget reports, receipt and expenditure ledgers or payroll reports” for the 2014 and 2015 calendar years. Your staff recommended several improvements, including regular financial reports to Council and implementation of a Village-wide policy and procedures manual.

The Village concurs with those recommendations. Please note that the Village adopted Internal Controls Ordinance No. 2016-14 on November 21, 2016 and has already implemented a regular financial reporting policy. As part of my duties as Interim Village Solicitor, I will assist in making further improvements to the financial reporting policy. In addition, I intend to place before Village Council a policy and procedures manual that will address fiscal operations, human resource issues, public records issues and those issues that are unique to the Village of Alexandria operations.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-002

Expenditures Exceeding Appropriations – Noncompliance

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

Budgetary expenditures exceeded appropriations for the year ended December 31, 2015 at the object level as follows:

Year	Fund Number	Fund Name	Object	Appropriations	Expenditures	Variance
2015	2101	Permissive Motor Vehicle Tax Fund	Contractual Services	\$1,200	\$1,563	(\$363)
2015	2101	Permissive Motor Vehicle Tax Fund	Supplies and Materials	\$6,605	\$12,500	(\$5,895)
2015	2021	State Highway Fund	Contractual Services	\$0	\$1,000	(\$1,000)
2015	2021	State Highway Fund	Supplies and Materials	\$2,000	\$2,114	(\$114)
2015	2011	Street Construction	Supplies and Materials	\$5,500	\$7,880	(\$2,380)
2015	2041	Parks and Recreation	Personal Services	\$0	\$947	(\$947)
2015	2041	Parks and Recreation	Fringe Benefits	\$156	\$186	(\$30)
2015	5101	Water Operating	Contractual Services	\$100,117	\$109,170	(\$9,053)
2015	5101	Water Operating	Supplies and Materials	\$6,500	\$12,907	(\$6,407)
2015	5201	Sewer Operating	Personal Services	\$18,250	\$27,755	(\$9,505)
2015	5201	Sewer Operating	Fringe Benefits	\$4,339	\$4,474	(\$135)
2015	5201	Sewer Operating	Contractual Services	\$37,801	\$38,896	(\$1,095)

**VILLAGE OF ALEXANDRIA
LICKING COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-002 (Continued)

Expenditures Exceeding Appropriations – Noncompliance (Continued)

Budgetary expenditures exceeded appropriations for the year ended December 31, 2014 at the object level as follows:

Year	Fund Number	Fund Name	Object	Appropriations	Expenditures	Variance
2014	5201	Sewer Operating	Personal Services	\$21,000	\$27,079	(\$6,079)
2014	5201	Sewer Operating	Fringe Benefits	\$3,325	\$3,751	(\$426)
2014	5201	Sewer Operating	Contractual Services	\$37,580	\$46,514	(\$8,934)
2014	5201	Sewer Operating	Supplies and Materials	\$9,437	\$9,471	(\$34)
2014	2011	Street Construction	Supplies and Materials	\$3,040	\$8,762	(\$5,722)
2014	5101	Water Operating	Contractual Services	\$107,137	\$109,592	(\$2,455)
2014	5101	Water Operating	Supplies and Materials	\$5,430	\$15,907	(\$10,477)

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

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

Officials' Response: This finding of noncompliance related to a long list of expenditures in 2014 and 2015 that exceeded appropriations for those years. It appears that all of these expenditures are very likely a part of Ms. VanScoy-Andrews's pattern of misconduct. Ms. VanScoy-Andrews was removed as Fiscal Officer and was subsequently prosecuted and imprisoned. As discussed above, the Village is taking steps to improve its internal control policy and procedures. These steps include greater fiscal review and oversight by Village Council and better adherence to appropriate accounting procedures.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-003

Financial Statement Presentation – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Reclassifications and adjustments are reflected on the Village’s December 31, 2015 and 2014 financial statements. The following posting errors were noted:

Fund	Posting Error	2015	2014
General fund	Reclassify funds from unassigned to assigned	\$17,822	\$11,000
General fund	Reclassify revenue from taxes to intergovernmental	\$0	\$6,838
Parks and Recreation fund	Reclassify fund balance in the Parks and Recreation fund from committed to restricted	\$4,496	\$5,586
Permissive Motor Vehicle License Tax	Record permissive motor vehicle license tax received but not recorded on the ledgers.	\$86	\$467
Permanent fund	Reclassify fund balance from committed to restricted	\$280	\$175
Enterprise fund	Reclassify principal and interest amounts.	\$22,217	\$0
Enterprise fund	Record principal and interest amounts paid, but not recorded on the ledgers.	\$7,270	\$0

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$144 to \$2,757 that we have brought to the Village's attention.

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

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

Officials’ Response: This finding of material weakness relates to inaccurate postings of financial transactions, whether due to fraud or error, and the accompanying need to adjust or reclassify erroneous postings from the 2014 and 2015 calendar years. In light of Ms. VanScoy-Andrews’s activities as already noted, this finding is not surprising. The Village of Alexandria took its first significant step toward preventing a recurrence of this issue when it adopted its Internal Controls Ordinance No. 2016-14 on November 21, 2016. As part of my duties as Interim Village Solicitor, I intend to further develop and implement policies and procedures that will help ensure accurate financial reporting and appropriate oversight by Village Council.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-004

Deficient Accounting Records – Noncompliance/Material Weakness

Ohio Rev. Code § 149.351(A) states in part that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of. **Ohio Admin. Code § 117-2-02** states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code. It also states the management of each local public office is responsible for the assertions underlying the information in the public office's financial statements.

Although the Village utilized UAN, there was a lack of supporting documentation. As a result, the Village was declared unauditible on August 15, 2016.

The following items had no support provided for audit:

- In 2015, one receipt totaling \$6,300 posted to Charges For Service;
- In 2015, two receipts totaling \$85 posted to Fines, Licenses, and Permits;
- In 2014, two receipts, totaling \$700 posted to Fines, Licenses, and Permits;
- In 2015, three receipts totaling \$1,638 posted to Miscellaneous;
- In 2014, eight receipts totaling \$4,945 posted to Miscellaneous.
- In 2014, \$467 of items on the bank statements were not posted to UAN.
- In 2015, a voided item in UAN for \$86.
- In 2014, three water and sewer payments totaling \$328 that were recorded in CUBIC
- In 2014, \$2,033 in the General fund, \$2,360 in the Special Revenue fund, and \$4,393 in the Enterprise fund for prior year fund balance adjustments made by the Fiscal Officer.
- In both 2014 and 2015, there were no time sheets and no underlying payroll journal.

It was also noted during 2014 that all invoices were unable to be provided due to the Village not maintaining all original documentation and trying to obtain invoice copies from the vendors directly to recreate the support.

Lack of supporting documentation can lead to inaccurate accounting records, including determining proper cutoff of recording of transactions.

We recommend the Village maintain an accounting system and accounting records sufficient to enable it to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements.

Officials' Response: This finding of noncompliance/material weakness is related to Finding No. 2015-003, in that it is a further reflection of Ms. VanScoy-Andrews's efforts to obfuscate. As she improperly manipulated the Village's financial accounts, she also removed, destroyed or disposed of public records in an effort to forestall discovery of her misdeeds. Your staff notes the efforts made by current Village officials to obtain missing invoices and other documentation for the 2014 and 2015 calendar years. More importantly, as noted above the Village has already taken steps to improve its internal controls. Your recommendation that the Village fully implement an accounting system "sufficient to enable it to identify, assemble, analyze, classify, record and report its transactions" in accordance with legal and contractual requirements is being embraced as a priority by the Village.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-005

Finding for Recovery – Public Funds Converted or Misappropriated - Noncompliance

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), 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. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

During the period of January 1, 2014 - December 31, 2015, Laura VanScoy served as the Fiscal Officer for the Village. Ms. VanScoy's duties included depositing monies received, paying bills, and maintaining the minutes.

Due to the issues noted in 2015 and 2014, additional procedures were performed. Beginning in 2009, we noted instances where the Fiscal Officer, Laura VanScoy, wrote checks that were recorded in the UAN system to various vendors, but were actually written to herself. We noted the following instances:

Year	Amount (Number of Checks)
2009	\$10,605 (16 checks)
2010	\$23,038 (33 checks)
2011	\$29,662 (48 checks)
2012	\$34,731 (38 checks)
2013	\$32,501 (44 checks)
2014	\$46,013 (40 checks)
2015	\$18,364 (21 checks)
Total	\$194,914 (240 checks)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public property converted or misappropriated is hereby issued against Laura VanScoy in the amount of \$194,914 and in favor of the Village of Alexandria's General fund in the amount of \$53,144; Police Operating Levy fund \$100; Water fund \$27,358; Sewer fund \$101,603; Street Construction fund \$8,065; Permissive Motor Vehicle Gas Tax fund \$1,625; State Highway fund \$2,622; Parks and Recreation fund \$273; and Museum fund in the amount of \$124.

Officials’ Response: This finding of noncompliance relates directly to the public funds that were misappropriated by Ms. VanScoy-Andrews while she served in a position of public trust. Your staff concludes, from the available evidence, that beginning in 2009 and continuing through 2015, Ms. VanScoy-Andrews wrote numerous checks that were recorded in the UAN system to various Village of Alexandria vendors but were in fact written to herself. Accordingly, you have entered a Finding for Recovery against Ms. VanScoy-Andrews in the aggregate amount of \$194,914 and in favor of the Village of Alexandria’s General fund (\$53,144); Police Operating Levy fund (\$100); Water fund (\$27,358); Sewer fund (\$101,603); Street Construction fund (\$8,065); Permissive Motor Vehicle Gas Tax fund (\$1,625); State Highway fund (\$2,622); Parks and Recreation fund (\$273); and Museum fund (\$124). The Village of Alexandria concurs with this Finding for Recovery.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-006

Finding for Recovery – Public Money Illegally Expended - Noncompliance

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), 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. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

During the period of January 1, 2014 - December 31, 2015, Laura VanScoy served as the Fiscal Officer for the Village of Alexandria, Licking County, Ohio. Ms. VanScoy's duties included depositing monies received, paying bills, and maintaining the minutes. Ms. VanScoy was responsible for collecting, depositing and recording receipts.

During 2014 and 2015 we noted expenditures with no support. We were unable to determine whether the expenditures were for a proper public purpose. The following instances were noted:

2014

Check Number	Amount	Payee	Fund
7336	\$442	Local Services, Inc.	Museum
7432	\$162	Dale Norton Plumbing	Museum
7522	\$130	Betsy Young	Museum
7370	\$466	Village of Alexandria	Sewer
7431	\$112	Alexandria Service Center	Sewer
7490	\$1,246	MASI Environmental Services	\$1087 Sewer/\$159 Water
7348	\$13	Shulls Hardware	Permissive Motor Vehicle License Tax
7395	\$100	Ohio EPA	Sewer
7472	\$39	Washington Auto Parts	General
Total 2014	\$2,710		

2015

Check Number	Amount	Payee	Fund
7722	\$30	Licking County Township Association	General
7587	\$100	William Long	Sewer
Total 2015	\$130		

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-006 (Continued)

Finding for Recovery – Public Money Illegally Expended – Noncompliance (continued)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public property converted or misappropriated is hereby issued against Laura VanScoy in the amount of \$2,840 and in favor of the Village of Alexandria's General fund in the amount of \$69; Water fund \$159; Sewer fund \$1,865; Permissive Motor Vehicle Gas Tax fund \$13; and Museum fund in the amount of \$734.

Officials' Response: This finding of noncompliance relates to additional public funds that were expended by Ms. VanScoy-Andrews while she served as Fiscal Officer in 2014 and 2015. Your staff notes several instances in each of those years in which Ms. VanScoy-Andrews made expenditures with no support (such as invoices or appropriations). Due to that lack of support, you were unable to determine whether those expenditures were for a public purpose. Accordingly, you have entered a Finding for Recovery against Ms. VanScoy-Andrews in the aggregate amount of \$2,840 and in favor of the Village of Alexandria's General fund (\$69); Water fund (\$159); Sewer fund (\$1,865); Permissive Motor Vehicle Gas Tax fund (\$13); and Museum fund (\$734). The Village of Alexandria concurs with this Finding for Recovery.

FINDING NUMBER 2015-007

Finding for Recovery – Collected but Unaccounted For - Noncompliance

During the period of January 1, 2014 - December 31, 2015, Laura VanScoy served as the Fiscal Officer for the Village of Alexandria, Licking County, Ohio. Ms. VanScoy was responsible for collecting, depositing and recording receipts. In accordance with Ohio Rev. Code § 9.38, receipts should be deposited with the Village's financial institution the next day after receipt.

We noted the following receipts were collected, but unaccounted for:

Year	Amount	Reason
2015	\$2,757	Received \$3,658 in franchise fees, but only deposited and recorded \$901.
2015	\$268	Received \$1,334 from the county, but only recorded \$1,066.
2014	\$120	Received \$949 from Ohio Department of Public Safety, but only recorded \$829.
2014	\$254	Receipt for donation that was not deposited.
Total Collected but Unaccounted For	\$3,399	

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued against Laura VanScoy in the amount of \$3,399, and in favor of the Village of Alexandria's General Fund in the amount of \$3,025; State Highway fund in the amount of \$9; Street Construction fund in the amount of \$111; and Private Purpose Trust fund in the amount of \$254.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-007 (Continued)

Finding for Recovery – Collected but Unaccounted For – Noncompliance (Continued)

Officials’ Response: This finding of noncompliance relates to receipts that were collected but unaccounted for by Ms. VanScoy-Andrews while she served as Fiscal Officer in 2014 and 2015. Your staff notes several instances in each of those years in which Ms. VanScoy-Andrews received funds that were intended for the Village of Alexandria but were either partially deposited/recorded or not deposited/recorded at all. Accordingly, you have entered a Finding for Recovery against Ms. VanScoy-Andrews in the aggregate amount of \$3,399 and in favor of the Village of Alexandria’s General fund (\$3,025); State Highway fund (\$9); Street Construction fund (\$111); and Private Purpose Trust fund (\$254). The Village of Alexandria concurs with this Finding for Recovery.

FINDING NUMBER 2015-008

Integrating Budgetary Accounts into the Accounting System – Noncompliance/Material Weakness

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

The Village utilizes the UAN system to maintain budgetary information. However, it was noted during 2015 that final appropriations filed with the County Auditor did not agree to the UAN system appropriations in the following funds and amounts:

Fund Number	Fund Name	Appropriations Recorded in UAN	Appropriations Filed with County Auditor	Variance
2101	Permissive Motor Vehicle Fund	\$14,700	\$7,805	\$6,895
2021	State Highway Fund	\$4,000	\$2,000	\$2,000
5101	Water Operating Fund	\$141,708	\$129,835	\$11,873

The Village did not have a control procedure in place to monitor the budgetary information for the Village or the information in the accounting system.

Failure to properly update the accounting system with the most current Council approved appropriations provides the Village's management and Council with inaccurate budgetary information on the system generated reports. This increases the Village's risk of expending more money than it receives because the related controls that are implemented in the system would not prevent instances of non-compliance, which is evident per Finding 2015-002.

We recommend the Fiscal Officer update the Village's accounting system to ensure the system agrees with the latest Annual Appropriation Measure approved by Council.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-008 (Continued)

**Integrating Budgetary Accounts into the Accounting System – Noncompliance/Material Weakness
(Continued)**

Officials’ Response: This finding of material weakness relates to utilization of the UAN system to maintain budgetary information. Your staff found three instances during 2015 in which appropriations filed with the County Auditor did not match the UAN system appropriations. While it is unclear whether these errors were intentional, your staff notes that the Village “did not have a control procedure in place to monitor the budgetary information in the accounting system.” Implementation of those internal controls is underway, and will continue to be fine-tuned in the coming weeks. The Village’s new Fiscal Officer is regularly updating the accounting system, and is aware of the need to ensure that the accounting entries are consistent with the most current appropriation ordinance at all times.

FINDING 2015-009

Use of Revenues – Noncompliance/Material Weakness

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

During 2015, the Village posted revenues to incorrect funds, as follows:

- Permissive tax funds in the amount of \$3,644 were posted to the State Highway (\$273) and Street Construction (\$3,371) funds and should have been posted to the Permissive Motor Vehicle License Tax fund.
- Interest in the amount of \$35 was posted to the General fund and should have been the Permanent fund.
- Intergovernmental revenue in the amount of \$456 was posted to the General fund and should have been posted to the Permissive Motor Vehicle License Tax fund.

During 2014, the Village posted revenues to incorrect funds, as follows:

- Permissive Tax funds in the amount of \$3,958 were posted to the State Highway (\$297) and Street Construction (\$3,661) funds and should have been posted to the Permissive Motor Vehicle License Tax fund.

Not posting interest or monies specified for a particular purpose to the correct fund can lead to noncompliance and possible negative fund balances.

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

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING 2015-009 (Continued)

Use of Revenues – Noncompliance/Material Weakness (Continued)

Officials’ Response: This finding of material weakness relates to several instances in 2014 and 2015 in which Village revenues were posted to incorrect funds. As noted by your staff, the new Fiscal Officer has already adjusted these erroneous postings. She will continue to exercise due care to ensure that receipts and expenditures are posted to the correct funds and accounts going forward. In addition, the improved internal controls being implemented by the Village should help identify any such errors should they occur.

FINDING NUMBER 2015-010

Bonding - Noncompliance

Ohio Rev. Code § 733.69 states each officer of a municipal corporation required by law or ordinance to give bond shall do so before entering upon the duties of the office, except as otherwise provided in Title VII of the Revised Code. Premiums on official bonds may be paid by the municipal corporation.

The Mayor and Council Members were not bonded during 2014 and 2015 and the Village Fiscal Officer’s bond was canceled in January 2015. Additionally, the Village Council has not authorized the bond amount to be set.

Failure to secure an appropriate bond for the elected officials resulted in the Village being exposed to liabilities of theft or error.

We recommend the Village execute a bond for the elected officials and Fiscal Officer in an amount approved by Village Council commensurate with the elected officials’ and Fiscal Officers job duties.

Officials’ Response: This finding of noncompliance arises from the failure to bond the Mayor and Council in 2014 and 2015 and the cancellation of the Fiscal Officer’s bond in January 2015. All Village officers who exercise any direct fiscal responsibilities (including the Mayor, the Council Pro Tempore and the Fiscal Officer) are bonded. In addition, the Village is presently taking steps to bond the remaining Council members.

FINDING NUMBER 2015-011

Unapproved Transfers- Noncompliance

Ohio Rev. Code § 5705.14 requires a resolution of the taxing authority passed by an affirmative vote of two-thirds of the members for transfers from one fund to any other fund (except a simple majority is sufficient for transfers from the general fund).

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-011 (Continued)

Unapproved Transfers- Noncompliance (Continued)

In 2014 a transfer in the amount of \$750 was approved in the budget from the museum nonexpendable (9977) to the museum expendable fund (9976). However, a total of \$1,468 was transferred and no amended appropriations were filed nor was approval noted in the minutes. In 2015, a transfer in the amount of \$1,500 from the General fund to the Water Operating fund (5101) was not approved in the budget or minutes.

Not approving transfers can lead to spending in excess of what is available and also cause the Village to not be in compliance with Ohio Revised Code 5705.14 through 5705.16.

We recommend the Village follow Ohio Revised Code 5705.14 through 5705.16 and that the Council approve the transfers by resolution and record in the minutes, appropriations, and estimated resources.

Officials' Response: This finding of noncompliance relates to a transfer of \$1,468 from the Museum Nonexpendable fund to the Museum Expendable fund in 2014, when only \$750 was originally approved in the budget for that transfer, and a transfer of \$1,500 from the General fund to the Water Operating fund in 2015 that does not appear to have been approved in the budget. Your staff notes that the Ohio Revised Code requires that such fund transfers be approved by Resolution and recorded in Council minutes. The Village agrees, and believes that its improved fiscal policy and procedures will help alleviate such errors going forward.

FINDING NUMBER 2015-012

Water and Sewer Deficiencies – Material Weakness

The Village Council should have a policy and procedure manual that is reviewed and approved by Village Council and updated regularly. Such policy should include, but not be limited to: water and sewer rates, how non-cash adjustments and new accounts are handled, how meter readings will be conducted, when billings will be sent and follow-ups regarding unpaid bills, how to process receipts, how and when to credit customer accounts, and how and when to make deposits. The manual should also detail who is responsible for each of these functions.

The Village Council has not approved water and sewer rates since 2012. The rates that were approved in 2012 did not include all the rates that were charged for water and sewer. There were multiple rates in effect for water and sewer services, such as sewer only customers, water only customers, people inside the Village and outside the Village, rental water and sewer and non-rental water and sewer, which were not all broke down in the approved rates. Some accounts were charged an Operations and Maintenance charge, but not all accounts and there was not a consistent basis with a specific group of accounts that would/would not be charged.

We noted non-cash adjustments were not handled as adjustments but were in fact handled as payments within the CUBIC system giving no ability for the Village to monitor non-cash adjustments. Accounts are also established by property address and not customer name causing the number of accounts to never increase or decrease which makes it difficult to ensure completeness of accounts and billings.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-012 (Continued)

Water and Sewer Deficiencies – Material Weakness (Continued)

We also identified the following issues during testing of receipts:

- Ten instances where deposit slips for water and sewer payments did not agree to UAN ledgers,
- Eight instances where the deposit slip did not agree to the bank statement, and
- Five instances where the CUBIC report did not agree to the deposit slip.

As a result of the above errors, we did not opine on the Village's financial statements.

Failure to maintain an up to date rate schedule can result in residents being charged an incorrect amount for water and sewer. Failure to have a policy and procedure manual can cause adjustments to be made that have not been approved by Village Council, accounts changed with no support, misappropriation of assets or funds, and inaccurate financial records.

We recommend every year the Village Council approves the water and sewer rates that will be in effect for the current year, if there is no change in rate this should also be approved by Village Council. We also recommend the Village Council implements a policy and procedure manual over the water and sewer functions and the Village Council monitor to ensure controls are effective.

Officials' Response: This finding of material weakness relates to what appear to be two separate issues: One, the Village has not formally approved new water and sewer rates since 2012 and does not maintain a formal policy and procedures manual that addresses rates, billings and adjustments for water and sewer customers; and Two, there were a number of instances in 2014 and 2015 in which deposits for water and sewer payments were inconsistent with UAN ledgers, CUBIC reports and/or bank statements. As a result of the latter issue, your staff was unable to opine on the Village's financial statements.

Based on evidence that came to light during the prosecution of Ms. VanScoy-Andrews, it appears that the latter issue is very likely related to her misappropriation of Village funds. Regarding the former issue, one of my duties as Interim Village Solicitor will be to help formally update the water and sewer rates. In addition, I intend to incorporate water and sewer issues into the Village's broader policy and procedures manual, in order to ensure consistency and transparency in administration of those enterprises.

FINDING NUMBER 2015-013

Bank Reconciliations – Material Weakness

Strong monitoring practices of the Village's financial activities are the responsibility of management and the Village Council and are essential to help ensure proper financial reporting. A bank to book reconciliation should be performed monthly and reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. Reconciling items, including deposits in transit, outstanding checks, and/or unposted receipts and disbursements should be considered in the reconciliation process to help ensure the Village's ledgers are reconciled to the bank balances. Additionally, the Village Council should review the bank to book reconciliation and monthly financial reports on a regular basis and evidence of these reviews should be documented.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-013 (Continued)

Bank Reconciliations – Material Weakness (Continued)

Bank reconciliations were not adequately maintained by the Fiscal Officer. The December 31, 2015 bank reconciliation had adjustments of \$6,998 that were not corrected until November 2016. There was no documentation provided to support that the Village Council or anyone else reviewed or monitored the monthly bank reconciliations.

Failure to include bank reconciliations within the board reviewed documents prohibits the Village Council from reviewing all the data necessary to adequately monitor the financial activity of the Village. Failure to monitor financial information has led to noncompliance, errors and irregularities in the financial statements, including misappropriation of assets and funds.

We recommend the Village reconcile all bank and book balances on a monthly basis. In this process, all reconciling items and/or errors should be identified and reviewed by someone independent of the reconciliation process to help ensure timely follow up and corrective action. We recommend unidentified reconciling items be investigated to resolve bank to book differences. We also recommend the Village document in the minutes or within the reporting package the Council's approval of the bank statements and bank reconciliations. Further, the Village Council should ensure that strong monitoring practices of the Village's financial activities are implemented and operating effectively.

Officials' Response: This finding of material weakness relates to Ms. VanScoy-Andrew's failure to adequately maintain bank reconciliations, which failure appears to have been exacerbated by then-existing gaps in internal control policies and procedures. Again, this finding is not surprising. The Village of Alexandria is learning a hard and costly lesson from these past deficiencies. As a result, current Village officials are committed to making the changes necessary to correct them. These changes include monthly reconciliation of all bank and book balances, as well as strong internal monitoring practices as already mentioned.

FINDING NUMBER 2015-014

Receipts Procedures and Segregation of Duties – Material Weakness

Timely posting and maintaining support of receipts gives management the ability to properly monitor the Village's receipts and overall financial condition. It also assists in the month-end reconciliation process to limit the number of reconciling items between the Village's book and bank accounts. Maintaining organized documentation and support for financial transactions is essential in assuring the Village's financial statements are accurately presented. The Village should also have written procedures over recording of receipts. When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-014 (Continued)

Receipts Procedures and Segregation of Duties – Material Weakness (Continued)

During the audit period, the Village collected fines, licenses, and permits, charges for service and miscellaneous receipts. We noted the following control deficiencies with the process for these cash receipts:

- The Village did not maintain pre-numbered receipts.
- The Village did not maintain proper support for all receipts during fiscal years 2015 and 2014. See further information in Finding 2015-004.
- There were several instances where we were unable to determine whether the amounts remitted for deposit agreed to what was collected.
- There were not set policies and procedures in place for the collection, posting and depositing of these receipts. See additional information in Finding 2015-001.
- During fiscal years 2015 and 2014, the Fiscal Officer made all deposits, posted all revenue transactions and reconciled bank statements without Council review or any other compensating control.

As a result of the above errors, we did not opine on the Village's financial statements.

Failure to adequately monitor deposit amounts and lack of segregation of duties led to fraud and/or unaccounted monies totaling \$3,399, which is further described in Finding 2015-007.

We recommend the Village maintain all invoices, duplicate receipts, and agreements for fees. We also recommend the Village develop a policy and implement internal control procedures to account for receipts to help ensure the proper amount is being accounted for and investigate any significant variances. We recommend the Council provide adequate segregation of duties in its accounting processing for receipts. This should be, but not limited to, documentation of periodic reviews of receipts prior to deposit, posting of revenue transactions and bank reconciliations.

Officials' Response: This finding of material weakness relates to the apparent lack of organization and documentation of financial transactions in 2014 and 2015, including a failure to maintain receipts, a failure to make timely and consistent deposits, and a failure to provide an adequate system of internal controls. As noted by your staff, these failures led to fraud by Ms. VanScoy-Andrews going undetected and resulted in unaccounted and misappropriated funds. The Village concurs with your recommendations to implement internal control procedures to account for receipts and to investigate any significant variances, and to provide adequate segregation of duties in its accounting processing of receipts. The Village took its first significant step in that direction with the adoption of its Internal Controls Ordinance No, 2016-14 on November 21, 2016 and. As discussed above, it continues to work toward a stronger and more effective system of financial checks and balances. Receipts are deposited more frequently and consistently, pre-numbered receipts are now used for all cash receipts, and checks must be signed by two Village officials rather than just by the Fiscal Officer.



Dave Yost • 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 12, 2018