



Dave Yost • Auditor of State

VILLAGE OF ALEXANDRIA
LICKING COUNTY

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Dave Yost • 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 24, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Alexandria, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010. 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(A) mandates 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 Village 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.

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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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 of Village of Alexandria, Licking County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of Alexandria adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2012, 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.



Dave Yost
Auditor of State

August 24, 2012

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, 2011**

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Projects	Permanent	(Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$ 38,461.32	\$ -	\$ -	\$ -	\$ 38,461.32
Intergovernmental	35,711.94	19,102.38	20,277.20	-	75,091.52
Fines, Licenses and Permits	13,327.33	617.00	-	-	13,944.33
Earnings on Investments	2,735.10	51.38	-	154.96	2,941.44
Miscellaneous	2,410.47	13,088.52	-	-	15,498.99
Total Cash Receipts	92,646.16	32,859.28	20,277.20	154.96	145,937.60
Cash Disbursements:					
Current:					
Security of Persons and Property	14,414.00	-	-	-	14,414.00
Leisure Time Activities	-	2,458.34	9,241.03	-	11,699.37
Community Environment	475.15	-	-	-	475.15
Transportation	-	17,587.26	-	-	17,587.26
General Government	70,218.33	-	-	-	70,218.33
Capital Outlay	2,198.15	8,853.04	11,022.20	-	22,073.39
Debt Service:					
Principal Retirement	3,258.43	3,698.37	-	-	6,956.80
Interest and Fiscal Charges	2,864.01	120.03	-	-	2,984.04
Total Cash Disbursements	93,428.07	32,717.04	20,263.23	-	146,408.34
Total Receipts Over/(Under) Disbursements	(781.91)	142.24	13.97	154.96	(470.74)
Other Financing Receipts:					
Advance In	12,500.00	-	-	-	12,500.00
Total Other Financing Receipt/(Disbursement)	12,500.00	-	-	-	12,500.00
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Receipts	11,718.09	142.24	13.97	154.96	12,029.26
Fund Cash Balance, January 1	11,348.82	12,075.40	-	16,648.36	40,072.58
Fund Cash Balances, December 31					
Nonspendable	-	-	-	16,600.00	16,600.00
Restricted	-	12,217.64	13.97	203.32	12,434.93
Unassigned (Deficit)	23,066.91	-	-	-	23,066.91
Fund Cash Balance, December 31	\$ 23,066.91	\$ 12,217.64	\$ 13.97	\$ 16,803.32	\$ 52,101.84

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, 2011**

	<u>Proprietary</u>	<u>Fiduciary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Private Purpose</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:				
Charges for Services	\$ 256,627.80	\$ -	\$ -	\$ 256,627.80
Total Operating Cash Receipts	<u>256,627.80</u>	<u>-</u>	<u>-</u>	<u>256,627.80</u>
Operating Cash Disbursements:				
Personal Services	29,068.80	-	-	29,068.80
Employee Fringe Benefits	4,722.04	-	-	4,722.04
Contractual Services	107,194.33	-	820.65	108,014.98
Supplies and Materials	15,314.38	-	23.98	15,338.36
Total Operating Cash Disbursements	<u>156,299.55</u>	<u>-</u>	<u>844.63</u>	<u>157,144.18</u>
Operating Income/(Loss)	<u>100,328.25</u>	<u>-</u>	<u>(844.63)</u>	<u>99,483.62</u>
Non-Operating Receipts/Disbursements				
Miscellaneous Receipts	1,130.50	-	248.00	1,378.50
Earnings on Investments	-	-	1,117.68	1,117.68
Principal Retirement	(34,700.90)	-	-	(34,700.90)
Interest and Other Fiscal Charges	(71,277.87)	-	-	(71,277.87)
Other Non-Operating Cash Receipts	-	9,688.00	-	9,688.00
Other Non-Operating Cash Disbursements	-	(12,344.69)	-	(12,344.69)
Total Non-Operating Receipts/Disbursements	<u>(104,848.27)</u>	<u>(2,656.69)</u>	<u>1,365.68</u>	<u>(106,139.28)</u>
Income (Loss) before Transfers/Advances	(4,520.02)	(2,656.69)	521.05	(6,655.66)
Transfers In	103,287.25	-	605.16	103,892.41
Transfers Out	(103,287.25)	-	(605.16)	(103,892.41)
Advances Out	(12,500.00)	-	-	(12,500.00)
Net Receipts Over/(Under) Disbursements	(17,020.02)	(2,656.69)	521.05	(19,155.66)
Fund Cash Balances, January 1	<u>280,797.20</u>	<u>2,656.69</u>	<u>83,967.15</u>	<u>367,421.04</u>
Fund Cash Balances, December 31	<u>\$ 263,777.18</u>	<u>\$ -</u>	<u>\$ 84,488.20</u>	<u>\$ 348,265.38</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, 2010**

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Projects	Permanent	(Memorandum Only)
Cash Receipts:					
Property and Local Taxes	\$ 40,188.40	\$ -	\$ -	\$ -	\$ 40,188.40
Intergovernmental	35,829.26	25,206.31	-	-	61,035.57
Charges for Services	1,892.36	-	-	-	1,892.36
Fines, Licenses and Permits	8,212.00	-	-	-	8,212.00
Earnings on Investments	2,073.20	237.82	-	1.29	2,312.31
Miscellaneous	1,734.37	1,079.09	4,273.00	-	7,086.46
Total Cash Receipts	89,929.59	26,523.22	4,273.00	1.29	120,727.10
Cash Disbursements:					
Current:					
Security of Persons & Property	17,888.14	372.16	-	-	18,260.30
Leisure Time Activities	-	9,929.04	4,273.00	-	14,202.04
Transportation	-	23,756.11	-	-	23,756.11
General Government	77,301.42	-	-	-	77,301.42
Capital Outlay	1,028.76	1,050.00	-	-	2,078.76
Debt Service:					
Principal Payment	2,667.25	3,535.90	-	-	6,203.15
Interest and Fiscal Charges	2,245.19	282.50	-	-	2,527.69
Total Cash Disbursements	101,130.76	38,925.71	4,273.00	-	144,329.47
Total Receipts Over/(Under) Disbursements	(11,201.17)	(12,402.49)	-	1.29	(23,602.37)
Fund Cash Balances, January 1	22,549.95	24,477.89	-	16,647.07	63,674.91
Fund Cash Balances, December 31	\$ 11,348.78	\$ 12,075.40	\$ -	\$ 16,648.36	\$ 40,072.54

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, 2010**

	<u>Proprietary</u>	<u>Fiduciary Funds</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Private Purpose</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:				
Charges for Services	\$ 276,544.29	\$ -	\$ -	\$ 276,544.29
Total Operating Cash Receipts	<u>276,544.29</u>	<u>-</u>	<u>-</u>	<u>276,544.29</u>
Operating Cash Disbursements:				
Current:				
Personal Services	31,842.05	-	-	31,842.05
Employee Fringe Benefits	5,050.76	-	-	5,050.76
Contractual Services	103,033.64	-	909.24	103,942.88
Supplies and Materials	47,018.22	-	4,665.27	51,683.49
Total Operating Cash Disbursements	<u>186,944.67</u>	<u>-</u>	<u>5,574.51</u>	<u>192,519.18</u>
Operating Income/(Loss)	<u>89,599.62</u>	<u>-</u>	<u>(5,574.51)</u>	<u>84,025.11</u>
Non-Operating Receipts/Disbursements				
Intergovernmental	74,854.00	-	-	74,854.00
Earnings on Investments	-	-	2,971.10	2,971.10
Sale of Bonds	30,000.00	-	-	30,000.00
Miscellaneous Receipts	-	-	3,339.00	3,339.00
Redemption of Principal	(14,709.13)	-	-	(14,709.13)
Interest and Other Fiscal Charges	(70,802.20)	-	-	(70,802.20)
Other Non-Operating Cash Receipts	-	7,430.69	-	7,430.69
Other Non-Operating Cash Disbursements	-	(10,360.00)	-	(10,360.00)
Total Non-Operating Receipts/Disbursements	<u>19,342.67</u>	<u>(2,929.31)</u>	<u>6,310.10</u>	<u>22,723.46</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	<u>108,942.29</u>	<u>(2,929.31)</u>	<u>735.59</u>	<u>106,748.57</u>
Transfers-In	57,208.21	-	-	57,208.21
Transfers-Out	(57,208.21)	-	-	(57,208.21)
Net Receipts Over/(Under) Disbursements	<u>108,942.29</u>	<u>(2,929.31)</u>	<u>735.59</u>	<u>106,748.57</u>
Fund Cash Balances, January 1	<u>171,854.91</u>	<u>5,586.00</u>	<u>83,231.56</u>	<u>260,672.47</u>
Fund Cash Balances, December 31	<u>\$ 280,797.20</u>	<u>\$ 2,656.69</u>	<u>\$ 83,967.15</u>	<u>\$ 367,421.04</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, 2011 AND 2010**

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 information for this entity. This organization is:

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

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

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

B. Accounting Basis

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

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

C. Deposits and Investments

The Village'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.

The Village values certificates of deposit at cost.

D. Fund Accounting

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (continued)

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 Fund:

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

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:

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

4. Enterprise Funds

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

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

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

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

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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 museum.

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.

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.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

VILLAGE OF ALEXANDRIA
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

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

2. **Restricted**

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

3. **Committed**

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

4. **Assigned**

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

5. **Unassigned**

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

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. 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:

	2011	2010
Demand deposits	\$50,000	\$50,000
Certificates of deposit	184,865	191,598
Total deposits	234,865	241,598
Repurchase (Sweep) agreement	165,502	165,896
Total investments	165,502	165,896
Total deposits and investments	\$400,367	\$407,494

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 the balances of the sweep account above \$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 segregated customer's securities account maintained by the bank.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,337	\$92,646	(\$7,691)
Special Revenue	30,757	32,859	2,102
Capital Projects	115,165	20,277	(94,888)
Enterprise	361,673	361,045	(628)
Permanent	1,111	155	(956)
Trust	3,120	1,971	(1,149)
Total	\$609,043	\$506,982	(\$102,061)

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$105,961	\$93,428	\$12,533
Special Revenue	41,199	32,717	8,482
Capital Projects	115,165	20,263	94,902
Enterprise	441,800	365,566	76,234
Permanent	1,100	0	1,100
Trust	1,945	1,970	(25)
Total	<u>\$705,225</u>	<u>\$511,974</u>	<u>\$193,251</u>

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,857	\$89,930	(\$6,927)
Special Revenue	27,759	26,523	(1,236)
Capital Projects	4,273	4,273	0
Enterprise	438,607	438,607	0
Permanent	0	1	1
Trust	6,310	6,310	0
Total	<u>\$573,806</u>	<u>\$565,644</u>	<u>(\$8,162)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$119,407	\$101,131	\$18,276
Special Revenue	47,695	38,926	8,769
Capital Projects	4,273	4,273	0
Enterprise	419,048	329,664	89,384
Permanent	0	0	0
Trust	5,575	5,575	0
Total	<u>\$590,423</u>	<u>\$473,994</u>	<u>\$116,429</u>

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.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Property Tax (Continued)

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

5. Debt

Debt outstanding at December 31, 2011 was as follows:

	<u>Principle</u>	<u>Interest Rate</u>
USDA Mortgage Revenue Bonds	\$1,585,900	4%
Building Bonds	\$36,386	5%
Ohio Public Works Commission Loan CT64H	\$160,000	0%
Ohio Public Works Commission Loan CQ917	\$12,084	0%
Capital Lease – Truck	\$309	5.08%
Capital Lease – Copier	\$4,301	10.9%
Ohio Water Development Authority Loan	\$21,751	4.57%
Total	<u>\$1,820,703</u>	

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

The mortgage revenue bond covenant requires the Village to establish and fund a debt service fund, a debt service reserve fund, and a surplus fund. The balance in these funds at December 31, 2011 is \$87,383, \$89,646, and \$1,000, respectively.

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

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

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. 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.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Debt (Continued)

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.

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

Year ending December 31:	USDA Mortgage Revenue Bonds	Bulding Bonds	OPWC Loan CT64H	OPWC Loan CQ917	Capital Lease - Truck	Capital Lease Copier	OWDA Water Loan
2012	\$87,383	\$4,899	\$10,000	\$2,014	\$309	\$1,320	\$6,734
2013	87,196	4,899	10,000	2,014	0	1,320	6,734
2014	87,382	4,899	10,000	2,014	0	1,320	6,734
2015	87,224	4,899	10,000	2,014	0	1,320	3,367
2016	87,236	4,899	10,000	2,014	0	220	0
2017-2021	436,403	17,556	50,000	2,014	0	0	0
2022-2026	436,419	0	50,000	0	0	0	0
2027-2031	436,431	0	10,000	0	0	0	0
2032-2036	436,396	0	0	0	0	0	0
2037-2041	436,385	0	0	0	0	0	0
2042-2046	436,363	0	0	0	0	0	0
2047-2051	174,628	0	0	0	0	0	0
Total	\$3,229,446	\$42,051	\$160,000	\$12,084	\$309	\$5,500	\$23,569

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 these plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, 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, 2011.

7. Risk Pool Management

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

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at December 31, 2010, retention levels are \$150,000 for property and casualty coverage.

VILLAGE OF ALEXANDRIA
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

7. Risk Pool Management (Continued)

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 December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$1,950,167	\$ 2,109,514
Liabilities	<u>(1,656,732)</u>	<u>(1,920,839)</u>
Accumulated deficit	<u>\$ 293,435</u>	<u>\$ 188,675</u>

8. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Dave Yost • 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 years ended December 31, 2011 and 2010, and have issued our report thereon dated August 24, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and the Village adopted Governmental Accounting Standards Board Statement No. 54 in 2011. We also noted 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(A) mandates 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-01.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 24, 2012.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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.



Dave Yost
Auditor of State

August 24, 2012

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-01

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.

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 5 of the 41 expenditures tested during 2011 and 2010 and there was no evidence that the Village followed the aforementioned exceptions.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-01 (Continued)

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: The Fiscal Officer understands the requirements and the Village will attempt to utilize then-and-now purchase orders when purchase orders cannot be approved prior to obligations.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 and 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Significant Deficiency – Water and Sewer operations	Partially	Reissued in Management Letter
2009-002	Material Weakness – Financial Statement Presentation	Partially	Reissued in Management Letter
2009-003	Material Weakness – Mayor’s Court Receipts	Yes	
2009-004	ORC 5705.41(D) – Purchase Order Compliance	No	Reissued as 2011-001
2009-005	ORC 733.40 – Mayor’s Court disposal of fines collected	Partially	Reissued in Management Letter
2009-006	Alcohol Expenditures – FFR – Repaid Under Audit	Yes	
2009-007	ORC 5705.41(B) – Expenditures Exceeding Appropriations ORC 5705.39 – Appropriations Exceeding Estimated Resources	Yes	
2009-008	Material Weakness – Budgetary Information Reporting	Yes	

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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
OCTOBER 09, 2012