

October 19, 2023

Members of City Council
c/o Mayor Andy Schabell
City of Alexandria, Kentucky
Alexandria, Kentucky

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Alexandria, Kentucky for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 20, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Alexandria, Kentucky are described in the Summary of Significant Accounting Policies note to the financial statements. As described in Note 1, the City of Alexandria, Kentucky adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, during the fiscal year ended June 30, 2023. There was no material impact to the City of Alexandria, Kentucky's financial statements. No other new accounting policies were adopted and the application of existing policies was not changed during the year end June 30, 2023. We noted no transactions entered into by the City of Alexandria, Kentucky during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Alexandria, Kentucky's financial statements were:

Management's estimate of the delinquent property tax receivable is based on management's current and historical knowledge of the collectability of all delinquent accounts. We evaluated the key factors and assumptions used to develop the delinquent property tax receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation expense of capital assets is based on the useful lives of the assets using the straight line method. We evaluated the key factors and assumptions used to develop the depreciation expense of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension and OPEB liabilities, deferred inflows and outflows related to pension and OPEB, and pension and OPEB expense is based on an actuarial valuation as of the measurement date. We evaluated the key factors and assumptions used to develop the net pension and OPEB liabilities, deferred inflows and outflows related to pension and OPEB, and pension and OPEB expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.



Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached Adjusting Journal Entries and Reclassifying Journal Entries reports summarize material misstatements either provided to us by management or detected as a result of audit procedures and corrected by management. Additionally, the attached Schedules of Passed Adjusting Journal Entries summarize uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a disagreement on a financial accounting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 19, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Alexandria, Kentucky's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Alexandria, Kentucky's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedules, and pension and OPEB schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of Members of City Council and management of City of Alexandria, Kentucky and is not intended to be, and should not be, used by anyone other than these specified parties.

VonLehman & Company Inc.

Client: 020022.001 - City of Alexandria, Kentucky
Engagement: 2023 Audit - City of Alexandria, Kentucky
Period Ending: June 30, 2023
Trial Balance: TB
Workpaper: 1250.01 - Adjusting Journal Entries

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 5		4104.00		
To adjust sewer assessment receivables to actual				
2.00.1208	Current Sewer Assessment Rec:Douglas James-Current		1,732.00	
2.06.2300	Deferred Revenue		26,883.00	
2.00.1207	Current Sewer Assessment Rec:Viewpoint-Current			733.00
2.00.1218	Assessment Receivable:Douglas James			9,804.00
2.00.1219	Assessment Receivable:Viewpoint			18,078.00
Total			28,615.00	28,615.00
Adjusting Journal Entries JE # 8		4209.00		
To record opioid settlement on the fund financial statements.				
1.00.1240VL	Opioid Settlement Receivable		188,639.00	
1.00.1241VL	Opioid Settlement Receivable - Current		6,452.00	
1.00.2454	National Opioid Settlement			6,452.00
1.00.5224VL	Deferred Inflows			188,639.00
Total			195,091.00	195,091.00
Adjusting Journal Entries JE # 11		5203.00		
To record finance purchase of new vehicles				
1.20.4180	PD-Capital Improvements		133,215.00	
1.80.9393	Proceeds of Debt			133,215.00
Total			133,215.00	133,215.00
Adjusting Journal Entries JE # 20		4102.03		
To record PR/GR tax received 9/2023				
1.00.1212	Payroll Taxes Receivable		50,179.00	
1.00.5222	Deferred Revenue			50,179.00
Total			50,179.00	50,179.00
Total Adjusting Journal Entries			407,100.00	407,100.00

Client: 020022.001 - City of Alexandria, Kentucky
Engagement: 2023 Audit - City of Alexandria, Kentucky
Period Ending: June 30, 2023
Trial Balance: TB
Workpaper: 1250.03 - Reclassifying Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 10		5103.00		
To reclass lease payments from capital outlay accounts.				
1.92.6308VL	Huntington Vehicles - Princ Pmts		47,784.00	
1.20.4115	Misc/Operations			3,379.00
1.20.4180	PD-Capital Improvements			44,405.00
Total			47,784.00	47,784.00
Reclassifying Journal Entries JE # 13		5203.00		
To reclass lease payments from contract account				
1.92.6307VL	Cody Cam Lease Princ Pmts		14,148.00	
1.20.4175	Contracts			14,148.00
Total			14,148.00	14,148.00
Total Reclassifying Journal Entries			61,932.00	61,932.00

**Schedule of Passed Adjusting Journal Entries
Government Fund Financial Statements**

Entity: City of Alexandria, Kentucky

Balance Sheet Date: June 30, 2023

Description (Nature) of of Audit Difference (AD)	Factual (F), Judgmental (J) or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of Over (Under) Statement of:						
				Total Assets	Total Liabilities	Working Capital	Fund Balance/ Net Position	Revenues	Expenses	Changes in Fund Balance/ Net Position
Accrued for additional expenses incurred on PNC credit card	J	Expenses recorded based on credit card statement date and not date expense incurred	5201.01	-	(10,700)	-	-	-	(10,700)	(10,700)
Accrued legal expenses per legal letter.	F	No legal fees were accrued.	3301.00	-	(6,626)	-	-	-	(6,626)	(6,626)
Total				-	(17,326)	-	-	-	(17,326)	(17,326)

**Schedule of Passed Adjusting Journal Entries
Government Wide Financial Statements**

Entity: City of Alexandria, Kentucky

Balance Sheet Date: June 30, 2023

Description (Nature) of of Audit Difference (AD)	Factual (F), Judgmental (J) or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of Over (Under) Statement of:						
				Total Assets	Total Liabilities	Working Capital	Fund Balance/ Net Position	Revenues	Expenses	Changes in Fund Balance/ Net Position
To record right of use asset and liability for lease agreements.	F	Implementation of GASB 87.	5204.00	(23,941)	(23,941)	-	-	-	-	-
Accrued for additional expenses incurred on PNC credit card.	J	Expenses recorded based on credit card statement date and not date expense incurred.	5201.01	-	(10,700)	-	-	-	(10,700)	(10,700)
Accrued legal expenses per legal letter.	F	No legal fees were accrued.	3301.00	-	(6,626)	-	-	-	(6,626)	(6,626)
Total				(23,941)	(41,267)	-	-	-	(17,326)	(17,326)