

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

AUDIT REPORT

JANUARY 1, 2004 – DECEMBER 31, 2004

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



**Auditor of State
Betty Montgomery**

Village Council
Village of Alexandria
116 E. Granville Street
P.O. Box 96
Alexandria, Ohio 43001

We have reviewed the *Independent Auditors' Report* of the Village of Alexandria, Licking County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 5, 2006

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**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Mayor and Village Council
Village of Alexandria
116 East Granville
Alexandria, Ohio 43001

We have audited the accompanying financial statement of the Village of Alexandria, Licking County as of and for the year ended December 31, 2004. 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Alexandria's combined funds as of December 31, 2004, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Alexandria, Licking County, as of December 31, 2004, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the years ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 8, 2006, on our consideration of the Village of Alexandria's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
September 8, 2006

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, 2004**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 27,019	\$ 8,626	\$ -	\$ 35,645
Intergovernmental Receipts	35,583	21,720	-	57,303
Special Assessments	591	45	-	636
Fines, Licenses, and Permits	66,319	-	-	66,319
Earnings on Investments	1,085	75	6	1,166
Miscellaneous	2,228	540	-	2,768
Total Cash Receipts	<u>132,825</u>	<u>31,006</u>	<u>6</u>	<u>163,837</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	53,258	6,624	-	59,882
Leisure Time Activities	-	1,016	-	1,016
Community Environment	612	-	-	612
Transportation	-	16,527	-	16,527
General Government	63,776	-	-	63,776
Capital Outlay	176	-	122,559	122,735
Total Cash Disbursements	<u>117,822</u>	<u>24,167</u>	<u>122,559</u>	<u>264,548</u>
Total Receipts Over/(Under) Disbursements	15,003	6,839	(122,553)	(100,711)
Other Financing Receipts and (Disbursements)				
Transfers-In	-	-	10,000	10,000
Other Financing Sources	61	-	-	61
OWDA Loan	-	-	116,917	116,917
Other Financing Uses	(1,939)	-	-	(1,939)
Transfers-Out	(10,000)	-	-	(10,000)
Total Other Financing Receipts/(Disbursements)	<u>(11,878)</u>	<u>-</u>	<u>126,917</u>	<u>115,039</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,125	6,839	4,364	14,328
Fund Cash Balances, January 1, 2004	<u>77,521</u>	<u>17,909</u>	<u>16,451</u>	<u>111,881</u>
Fund Cash Balances, December 31, 2004	<u>\$ 80,646</u>	<u>\$ 24,748</u>	<u>\$ 20,815</u>	<u>\$ 126,209</u>
Reserve for Encumbrances, December 31, 2004	<u>\$ 1,035</u>	<u>\$ 1,072</u>	<u>\$ -</u>	<u>\$ 2,107</u>

See notes to financial statements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES-ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type	Fiduciary Fund Types		(Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$ 89,078	\$ -	\$ -	\$ 89,078
Earnings on Investments	-	221	-	221
Total Operating Cash Receipts	<u>89,078</u>	<u>221</u>	<u>-</u>	<u>89,299</u>
Operating Cash Disbursements:				
Personal Services	15,840	-	-	15,840
Fringe Benefits	2,626	-	-	2,626
Contractual Services	56,204	-	-	56,204
Supplies and Materials	11,272	-	-	11,272
Total Operating Cash Disbursements	<u>85,942</u>	<u>-</u>	<u>-</u>	<u>85,942</u>
Operating Income	3,136	221	-	3,357
Non-Operating Cash Receipts:				
Other Non-Operating Cash Receipts	-	-	74,758	74,758
Total Non-Operating Cash Receipts	<u>-</u>	<u>-</u>	<u>74,758</u>	<u>74,758</u>
Non-Operating Cash Disbursements:				
Debt Service	2,013	-	-	2,013
Other Non-Operating Cash Disbursements	-	-	77,945	77,945
Total Non-Operating Cash Disbursements	<u>2,013</u>	<u>-</u>	<u>77,945</u>	<u>79,958</u>
Excess of Receipts Over/(Under) Disbursements	1,123	221	(3,187)	(1,843)
Fund Cash Balances, January 1, 2004	<u>48,335</u>	<u>17,317</u>	<u>2,865</u>	<u>68,517</u>
Fund Cash Balances, December 31, 2004	<u>\$ 49,458</u>	<u>\$ 17,538</u>	<u>\$ (322)</u>	<u>\$ 66,674</u>
Reserve for Encumbrances, December 31, 2004	<u>\$ 1,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,519</u>

See notes to financial statements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchase of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than form trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue Funds.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

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

Police Operating Levy Fund – This fund receives property tax money for providing security of persons and property.

Permissive Motor Vehicle License Tax Fund – This fund receives permissive motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

Wastewater Projects Fund - This fund receives loans and is used to account for the building of a wastewater treatment plant.

Enterprise Funds

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

Water Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Fiduciary Funds (Non-expendable Trust and Agency)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Mayors Court Fund - This fund receives money paid to the Mayors court for fines.

Park Trust Funds – This fund receives interest earnings on money it holds in trust for the upkeep of the park.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that the Village budget 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. Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004
Demand Deposits	<u>\$ 173,047</u>
Total Deposits	173,047
STAR Ohio	19,692
Total Deposits and Investments	<u>\$ 192,739</u>

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2004 is as follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 115,305	\$ 132,886	\$ 17,581
Special Revenue	32,226	31,006	(1,220)
Capital Projects	173,000	126,917	(46,083)
Enterprise	84,000	89,078	5,078
Fiduciary (Trust)	1,000	221	(779)
Total	\$ 405,531	\$ 380,108	\$ (25,423)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 162,804	\$ 130,796	\$ 32,008
Special Revenue	50,062	25,239	24,823
Capital Projects	189,450	122,559	66,891
Enterprise	102,089	89,474	12,615
Fiduciary (Trust)	1,600	-	1,600
Total	\$ 506,005	\$ 368,068	\$ 137,937

4. PROPERTY TAX

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

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

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	2004 Principal	%
Ohio Water Development Authority Loans	\$ 286,506	5.65
Ohio Public Works Commission	25,168	0.00
Total	\$ 311,674	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater engineering loan to build a wastewater treatment plant. The Village has been awarded a total loan amount of \$338,999. However, as of December 31, 2004 the Village has only drawn down \$286,506. The remaining loan will be drawn down in subsequent years. The loan is collateralized by general revenues of the Village.

The Ohio Public Works Commission Loan (OPWC) 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.

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

Year Ending December 31	OPWC Loans
2005	\$ 2,013
2006	2,013
2007	2,013
2008	2,013
2009	2,013
2010-2014	10,065
2015-2020	5,038
	\$ 25,168

6. RETIREMENT SYSTEMS

The Villages law enforcement officers and other full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, members of OPERS contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants gross salaries. The Village has paid all contributions required through December 31, 2004.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

7. RISK 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. Pursuant to Section 2744.081 of the Ohio Revised Code, the Pool is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductible.

The Pool cedes reinsurances or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations under the 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 (deficit) earnings at December 31, 2004 and 2003 (the latest information available):

	<u>2004</u>	<u>2003</u>
Assets	\$ 2,390,150	\$ 1,811,340
Liabilities	<u>(3,424,271)</u>	<u>(3,653,152)</u>
Retained (Deficit) Earnings	<u>\$ (1,034,121)</u>	<u>\$ (1,841,812)</u>

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Mayor and Village Council
Village of Alexandria
116 East Granville
Alexandria, Ohio 43001

We have audited the financial statements of Village of Alexandria as of and for the year ended December 31, 2004, and have issued our report thereon dated September 8, 2006, 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Alexandria's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management in a separate letter dated September 8, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Alexandria's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management in a separate letter dated September 8, 2006.

This report is intended for the information of the Mayor, Council, management and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
September 8, 2006



**Auditor of State
Betty Montgomery**

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800-282-0370

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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
DECEMBER 19, 2006**