



**Auditor of State
Betty Montgomery**

VILLAGE OF ALEXANDRIA
LICKING COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Alexandria
Licking County
116 Granville Street
Alexandria, Ohio 43001

To the Village Council:

We have audited the accompanying financial statements of the Village of Alexandria, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2003, and December 31, 2002. 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.

The Village's financial transactions were processed using 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 conduct the audit of 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 the Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Alexandria, Licking County, Ohio, as of December 31, 2003, and December 31 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2004, 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 grants. 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.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 2, 2004

**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, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$25,116	\$6,126	\$0	\$31,242
Intergovernmental Receipts	38,287	27,179	0	65,466
Fines, Licenses, and Permits	51,332	0	0	51,332
Earnings on Investments	713	130	8	851
Miscellaneous	3,867	1,187	0	5,054
	<u>119,315</u>	<u>34,622</u>	<u>8</u>	<u>153,945</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	42,863	6,001	0	48,864
Public Health Services	6	0	0	6
Leisure Time Activities	0	1,179	0	1,179
Community Environment	60	0	0	60
Transportation	0	37,012	0	37,012
General Government	54,841	0	0	54,841
Debt Service:				
Principal Payments	0	2,234	0	2,234
Interest Payments	0	239	0	239
Capital Outlay	1,368	0	121,774	123,142
	<u>99,138</u>	<u>46,665</u>	<u>121,774</u>	<u>267,577</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>20,177</u>	<u>(12,043)</u>	<u>(121,766)</u>	<u>(113,632)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	0	0	16,083	16,083
OWDA Loan	0	0	121,774	121,774
Transfers-Out	(16,083)	0	0	(16,083)
	<u>(16,083)</u>	<u>0</u>	<u>137,857</u>	<u>121,774</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,094	(12,043)	16,091	8,142
Fund Cash Balances, January 1, 2003	<u>73,427</u>	<u>29,952</u>	<u>360</u>	<u>103,739</u>
Fund Cash Balances, December 31, 2003	<u>\$77,521</u>	<u>\$17,909</u>	<u>\$16,451</u>	<u>\$111,881</u>
Reserves for Encumbrances, December 31, 2003	<u>\$4,689</u>	<u>\$590</u>	<u>\$0</u>	<u>\$5,279</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 PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$87,795	\$0	\$0	\$87,795
Earnings on Investments	0	182	0	182
Total Operating Cash Receipts	87,795	182	0	87,977
Operating Cash Disbursements:				
Personal Services	15,841	0	0	15,841
Fringe Benefits	2,586	0	0	2,586
Contractual Services	47,798	0	0	47,798
Supplies and Materials	3,970	105	0	4,075
Total Operating Cash Disbursements	70,195	105	0	70,300
Operating Income	17,600	77	0	17,677
Non-Operating Cash Receipts:				
Court Collections	0	0	62,909	62,909
Non-Operating Cash Disbursements:				
Debt Service	2,013	0	0	2,013
Other Non-Operating Cash Disbursements	0	0	62,686	62,686
Total Non-Operating Cash Disbursements	2,013	0	62,686	64,699
Excess of Receipts Over Disbursements	15,587	77	223	15,887
Fund Cash Balances, January 1 ,2003	32,748	17,240	2,642	52,630
Fund Cash Balances, December 31, 2003	\$48,335	\$17,317	\$2,865	\$68,517

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, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$26,394	\$6,698	\$0	\$33,092
Special Assessments	342	95	0	437
Intergovernmental Receipts	39,962	20,775	0	60,737
Fines, Licenses, and Permits	42,294	0	0	42,294
Earnings on Investments	1,292	186	0	1,478
Miscellaneous	743	3,457	0	4,200
	<u>111,027</u>	<u>31,211</u>	<u>0</u>	<u>142,238</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	47,076	5,700	0	52,776
Leisure Time Activities	1,000	1,929	0	2,929
Community Environment	616	0	0	616
Transportation	0	11,744	0	11,744
General Government	57,057	0	0	57,057
Debt Service:				
Principal Payments	3,614	1,042	15,000	19,656
Interest Payments	0	316	1,046	1,362
Capital Outlay	1,509	0	31,822	33,331
	<u>110,872</u>	<u>20,731</u>	<u>47,868</u>	<u>179,471</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>155</u>	<u>10,480</u>	<u>(47,868)</u>	<u>(37,233)</u>
Other Financing Receipts and (Disbursements):				
OWDA Loan	0	0	47,845	47,845
Other Financing Uses	(176)	0	0	(176)
	<u>(176)</u>	<u>0</u>	<u>47,845</u>	<u>47,669</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(21)	10,480	(23)	10,436
Fund Cash Balances, January 1, 2002	<u>73,448</u>	<u>19,472</u>	<u>383</u>	<u>93,303</u>
Fund Cash Balances, December 31, 2002	<u>\$73,427</u>	<u>\$29,952</u>	<u>\$360</u>	<u>\$103,739</u>
Reserves for Encumbrances, December 31, 2002	<u>\$2,504</u>	<u>\$1,233</u>	<u>\$0</u>	<u>\$3,737</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 PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$81,295	\$0	\$0	\$81,295
Earnings on Investment	0	319	0	319
Total Operating Cash Receipts	<u>81,295</u>	<u>319</u>	<u>0</u>	<u>81,614</u>
Operating Cash Disbursements:				
Personal Services	15,722	0	0	15,722
Fringe Benefits	2,558	0	0	2,558
Contractual Services	49,268	0	0	49,268
Supplies and Materials	8,712	0	0	8,712
Capital Outlay	6,677	0	0	6,677
Total Operating Cash Disbursements	<u>82,937</u>	<u>0</u>	<u>0</u>	<u>82,937</u>
Operating Income/(Loss)	<u>(1,642)</u>	<u>319</u>	<u>0</u>	<u>(1,323)</u>
Non-Operating Cash Receipts:				
Court Collections	0	0	54,688	54,688
Non-Operating Cash Disbursements:				
Debt Service	3,020	0	0	3,020
Other Non-Operating Cash Disbursements	0	0	57,434	57,434
Total Non-Operating Cash Disbursements	<u>3,020</u>	<u>0</u>	<u>(2,746)</u>	<u>60,454</u>
Net Receipts Over/(Under) Disbursements	(4,662)	319	2,746	(7,089)
Fund Cash Balances, January 1, 2002	<u>37,410</u>	<u>16,921</u>	<u>5,388</u>	<u>59,719</u>
Fund Cash Balances, December 31, 2002	<u>\$32,748</u>	<u>\$17,240</u>	<u>\$2,642</u>	<u>\$52,630</u>
Reserve for Encumbrances, December 31, 2002	<u>\$1,072</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,072</u>

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

**VILLAGE OF ALEXANRRRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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, purchases 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.

Certificates of deposit are valued at cost. 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:

1. General Fund

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

2. Special Revenue Fund

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

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund

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

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

3. 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 Fund:

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

4. 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 Fund:

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

5. Fiduciary Funds (Non-expendable Trust and Agency Funds)

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:

Mayor's Court Agency Fund – This fund receives money paid to the Mayor's 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, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 object level of control, and appropriations may not exceed estimated resources. The 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions 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 investment 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:

	2003	2002
Demand deposits	\$130,403	\$116,624
Money Market Savings	30,763	0
Certificates of deposit	0	20,540
Total deposits	161,166	137,164
STAR Ohio	19,232	19,205
Total deposits and investments	\$180,398	\$156,369

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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 years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$117,657	\$119,315	\$1,658
Special Revenue	41,044	34,622	(6,422)
Capital Projects	200,000	137,865	(62,135)
Enterprise	82,000	87,795	5,795
Fiduciary (Trust)	1,000	182	(818)
Total	\$441,701	\$379,779	(\$61,922)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$176,009	\$119,910	\$56,099
Special Revenue	66,431	47,255	19,176
Capital Projects	200,360	121,774	78,586
Enterprise	107,807	72,208	35,599
Fiduciary (Trust)	1,300	105	1,195
Total	\$551,907	\$361,252	\$190,655

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$134,064	\$111,027	(\$23,037)
Special Revenue	37,667	31,211	(6,456)
Capital Projects	300,000	47,845	(252,155)
Enterprise	90,500	81,295	(9,205)
Fiduciary (Trust)	1,000	319	(681)
Total	\$563,231	\$271,697	(\$291,534)

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,692	\$113,552	\$66,140
Special Revenue	52,807	21,964	30,843
Capital Projects	300,023	47,868	252,155
Enterprise	114,879	87,029	27,850
Fiduciary (Trust)	1,300	0	1,300
Total	\$648,701	\$270,413	\$378,288

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due 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.

Licking 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, 2003 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$169,589	5.65%
Ohio Public Works Commission Loan	27,181	0%
Total	\$196,770	

The Ohio Water Development (OWDA) loan relates to a wastewater engineering loan to build a wastewater treatment plant. The Village has been awarded a total loan amount of \$300,000. However, as of December 31, 2003 the Village has only drawn down \$169,589. The remaining loan amount will be drawn down in subsequent years. The loan is collateralized by general revenues of the Village. In 2002, a portion of the OWDA proceeds were used to retire an existing OWDA loan.

In 2002, a police cruiser note was paid off from funds in the General and Police Levy Fund.

The Ohio Public Works Commission (OPWC) loan relates to the construction of a water storage tower. The loan will be repaid 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
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	OPWC Loan
2004	\$2,014
2005	\$2,014
2006	\$2,014
2007	\$2,014
2008	\$2,014
2009 – 2017	17,111
Total	\$27,181

The Village is not required to make debt payments on the OWDA loan until 2005. Due to this an amortization schedule has not yet been prepared for the Village by OWDA.

6. RETIREMENT SYSTEM

The Village's law enforcement officers and other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). 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 2003 and 2002, OPERS members 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, 2003.

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 Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2002 and 2001 generally protect against individual losses exceeding \$150,000 for policies issued prior to April 1, 2000; \$100,000 for policies issued between April 1, 2000 and March 31, 2002; and \$125,000 for policies issued April 1, 2002 or later.

Property coverage contracts protect against losses, subject to a deductible of \$50,000, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool cedes reinsurance to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

VILLAGE OF ALEXANDRIA
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

7. RISK MANAGEMENT (Continued)

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2002 and 2001 (The latest information available):

	<u>2002</u>	<u>2001</u>
Assets	\$1,852,060	\$3,354,251
Liabilities	<u>(3,627,321)</u>	<u>(4,851,866)</u>
Retained deficit	<u>(\$1,775,261)</u>	<u>(\$1,497,615)</u>

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Alexandria
Licking County
116 Granville Street
Alexandria, Ohio 43001

To the Village Council:

We have audited the financial statements of the Village of Alexandria (the Village) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated April 2, 2004, wherein we noted that the Village's financial transactions were processed using 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 conduct the audit of the Village because the Auditor of State designed, developed implemented, and as requested, operates UAN. 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.

Compliance

As part of obtaining reasonable assurance about whether Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that we have reported to management of the Village in a separate letter dated April 2, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village'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 assurance 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 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 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 a matter involving internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 2, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 2, 2004



**Auditor of State
Betty Montgomery**

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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
MAY 18, 2004**