



**VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1998 -1997



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF NEW ALEXANDRIA
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of New Alexandria
Jefferson County
115 Merry Way
Mingo Junction, Ohio 43938

To the Village Council:

We have audited the accompanying financial statements of the Village of New Alexandria, Jefferson County, Ohio, (the Village) as of and for the years ended December 31, 1998 and December 31, 1997. 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 generally accepted auditing standards 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 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 of the Village of New Alexandria as of December 31, 1998 and December 31, 1997, 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 July 14, 2000 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.

This report is intended solely for the information and use of management, and 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

July 14, 2000

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**VILLAGE OF NEW ALEXANDRIA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$7,565		\$7,565
State Shared Taxes and Permits	35,719		35,719
Intergovernmental Receipts		\$4,736	4,736
Charges for Services		18,350	18,350
Fines, Licenses, and Permits	9,714		9,714
Earnings on Investments	317		317
Miscellaneous	4,859	1,476	6,335
	<u>58,174</u>	<u>24,562</u>	<u>82,736</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	12,016		12,016
Public Health Services		15,350	15,350
Transportation		4,475	4,475
General Government	16,604		16,604
Debt Service:			
Principal Payments	2,002		2,002
Interest Payments	228		228
	<u>30,850</u>	<u>19,825</u>	<u>50,675</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>27,324</u>	<u>4,737</u>	<u>32,061</u>
Fund Cash Balances, January 1	<u>2,709</u>	<u>106,959</u>	<u>109,668</u>
Fund Cash Balances, December 31	<u>\$30,033</u>	<u>\$111,696</u>	<u>\$141,729</u>

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

**VILLAGE OF NEW ALEXANDRIA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCE
 FIDUCIARY FUNDS TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Nonexpendable Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Miscellaneous	\$5,986		\$5,986
Total Operating Cash Receipts	5,986		5,986
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		\$8,581	8,581
Total Non-Operating Cash Receipts		8,581	8,581
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements		8,581	8,581
Total Non-Operating Cash Disbursements		8,581	8,581
Net Receipts Over/(Under) Disbursements	5,986		5,986
Fund Cash Balances, January 1	85,351		85,351
Fund Cash Balances, December 31	<u>\$91,337</u>		<u>\$91,337</u>

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

**VILLAGE OF NEW ALEXANDRIA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$8,569		\$8,569
State Shared Taxes and Permits		\$4,722	4,722
Intergovernmental Receipts	12,587		12,587
Charges for Services		19,800	19,800
Fines, Licenses, and Permits	9,256		9,256
Earnings on Investments	197	1,273	1,470
Miscellaneous	3,439		3,439
	<u>34,048</u>	<u>25,795</u>	<u>59,843</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	20,350		20,350
Public Health Services		19,051	19,051
Transportation		3,367	3,367
General Government	29,280		29,280
Debt Service:			
Principal Payments	804		804
Interest Payments	125		125
	<u>50,559</u>	<u>22,418</u>	<u>72,977</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(16,511)</u>	<u>3,377</u>	<u>(13,134)</u>
Other Financing Receipts/(Disbursements):			
Sale of Bonds or Notes	<u>6,200</u>		<u>6,200</u>
	<u>6,200</u>		<u>6,200</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,311)	3,377	(6,934)
Fund Cash Balances, January 1	<u>13,020</u>	<u>103,582</u>	<u>116,602</u>
Fund Cash Balances, December 31	<u>\$2,709</u>	<u>\$106,959</u>	<u>\$109,668</u>

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

**VILLAGE OF NEW ALEXANDRIA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCE
 FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Nonexpendable Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Miscellaneous	\$6,317		\$6,317
Total Operating Cash Receipts	6,317		6,317
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		\$7,771	7,771
Total Non-Operating Cash Receipts		7,771	7,771
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements		7,771	7,771
Total Non-Operating Cash Disbursements		7,771	7,771
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	6,317		6,317
Fund Cash Balances, January 1	79,034		79,034
Fund Cash Balances, December 31	<u>\$85,351</u>		<u>\$85,351</u>

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

**VILLAGE OF NEW ALEXANDRIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of New Alexandria, Jefferson County, (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 general governmental services and police services. The Village contracts with the New Alexandria Volunteer Fire Department to provide fire services and emergency medical 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

Certificates of deposit are valued at cost.

Investments are reported as assets. 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.

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 Fund:

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

Cemetery Fund - This fund receives money from the sale of cemetery plots and from the opening and closing of graves.

VILLAGE OF NEW ALEXANDRIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (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. Other trust funds are classified as expendable. 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 serves as a clearing account fund for Mayors Court Activity.

Perpetual Care Trust Fund - This non-expendable trust fund receives interest earned on the certificates of deposit which is used for the maintenance of the cemetery.

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 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 canceled, and reappropriated in the subsequent year.

A summary of 1998 and 1997 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.

**VILLAGE OF NEW ALEXANDRIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)**

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:

	<u>1998</u>	<u>1997</u>
Demand deposits	\$114,232	\$80,253
Certificates of deposit	<u>118,834</u>	<u>114,766</u>
Total deposits	<u>\$233,066</u>	<u>\$195,019</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1998 and 1997 follows:

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 18,078	\$ 58,174	\$ 40,096
Special Revenue	4,045	24,562	20,517
Non-Expendable	<u>10,999</u>	<u>5,986</u>	<u>(5,013)</u>
Total	<u>\$ 33,122</u>	<u>\$ 88,722</u>	<u>\$ 55,600</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 14,840	\$ 30,850	\$ (16,010)
Special Revenue	18,200	19,825	(1,625)
Non-Expendable	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 33,040</u>	<u>\$ 50,675</u>	<u>\$ (17,635)</u>

1997 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 27,445	\$ 40,248	\$ 12,803
Special Revenue	4,400	25,795	21,395
Non Expendable	<u>6,000</u>	<u>6,317</u>	<u>317</u>
Total	<u>\$ 37,845</u>	<u>\$ 72,360</u>	<u>\$ 34,515</u>

**VILLAGE OF NEW ALEXANDRIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1997 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 50,566	\$ 50,559	\$ 7
Special Revenue	22,418	22,418	0
Non Expendable	109,800	0	109,800
Total	\$ 182,784	\$ 72,977	\$ 109,807

4. PROPERTY TAX

Real 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 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.

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, 1998 was as follows:

	Principal	Interest Rate
Police Car Note	\$ 3,395	5%

The Police Car Note loan relates to the purchase of a police car.

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

Year ending December 31:	Police Car Loan
1999	\$ 2,192
2000	1,382
Total	\$ 3,574

VILLAGE OF NEW ALEXANDRIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide 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 1998 and 1997, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

Village of New Alexandria
Jefferson County
115 Merry Way
Mingo Junction, Ohio 43938

To the Village Council:

We have audited the accompanying financial statements of the Village of New Alexandria, Jefferson County, Ohio (the Village), as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated July 14, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 the 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 1998-31241-001 . We also noted certain immaterial instances of noncompliance, which we have reported to management of the Village in a separate letter dated July 14, 2000.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 14, 2000.

This report is intended for the information and use of management, and 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

July 14, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1998 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1998-31241-001

Ohio Revised Code § 5705.41 (D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriated fund free from any previous encumbrances. The amount so certified shall be recorded against the applicable appropriate account.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid and the Village Council must still issue a certificate for the payment.

Certain liabilities, contracts, and open purchase commitments greater than \$1,000 were not certified by the Clerk/Treasurer and were not encumbered until the time of payment.

In 1998 and in 1997, 100% of expenditures were not properly certified by the Clerk/Treasurer or encumbered until the time of payment, as certificates were not issued for the expenditures.

The Village should implement procedures, such as the consistent use of purchase orders to ensure that expenditures are certified and encumbered prior to incurring the obligation.



STATE OF OHIO
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VILLAGE OF NEW ALEXANDRIA

JEFFERSON 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
SEPTEMBER 21, 2000**