



**Auditor of State  
Betty Montgomery**



VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of West Alexandria  
Preble County  
16 North Main Street  
West Alexandria, Ohio 45381

To the Village Council:

We have audited the accompanying financial statements of the Village of West Alexandria, Preble County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001. 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 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.

As disclosed in Notes 5 and 10, during 2001, the Village reclassified its income tax fund to the special revenue fund type.

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 as of December 31, 2002 and 2001, 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 28, 2003, 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 the audit committee, management, Village Council and other officials authorized to receive this report under Section 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 28, 2003

**VILLAGE OF WEST ALEXANDRIA  
PREBLE 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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$83,787	\$214,701		\$298,488
Special Assessments		13,758		13,758
Intergovernmental Receipts	121,523	67,148	\$48,121	236,792
Charges for Services	26,236	178,628		204,864
Fines, Licenses, and Permits	3,403	413		3,816
Earnings on Investments	11,497	361		11,858
Miscellaneous	12,728	2,050		14,778
Total Cash Receipts	<u>259,174</u>	<u>477,059</u>	<u>48,121</u>	<u>784,354</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	170,432	90,273		260,705
Public Health Services	3,438	124,638		128,076
Leisure Time Activities	76,154			76,154
Community Environment	7,523			7,523
Transportation		113,302		113,302
General Government	116,065	35,835		151,900
Debt Service:				
Principal Payments		1,327		1,327
Interest Payments		330		330
Capital Outlay			64,621	64,621
Total Cash Disbursements	<u>373,612</u>	<u>365,705</u>	<u>64,621</u>	<u>803,938</u>
Total Receipts Over/(Under) Disbursements	<u>(114,438)</u>	<u>111,354</u>	<u>(16,500)</u>	<u>(19,584)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Bonds or Notes		9,000		9,000
Transfers-In	110,000	74,759		184,759
Transfers-Out		(184,759)		(184,759)
Total Other Financing Receipts/(Disbursements)	<u>110,000</u>	<u>(101,000)</u>	<u>0</u>	<u>9,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,438)	10,354	(16,500)	(10,584)
Fund Cash Balances, January 1	<u>59,269</u>	<u>250,296</u>	<u>20,000</u>	<u>329,565</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$54,831</u></b>	<b><u>\$260,650</u></b>	<b><u>\$3,500</u></b>	<b><u>\$318,981</u></b>
Reserves for Encumbrances, December 31	<u>\$8,248</u>	<u>\$15,494</u>	<u>\$0</u>	<u>\$23,742</u>

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

VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$410,349</u>
Total Operating Cash Receipts	<u>410,349</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	135,828
Travel Transportation	5,466
Contractual Services	162,310
Supplies and Materials	<u>69,070</u>
Total Operating Cash Disbursements	<u>372,674</u>
Operating Income	<u>37,675</u>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service - Principal	6,109
Debt Service - Interest	<u>1,088</u>
Total Non-Operating Cash Disbursements	<u>7,197</u>
Net Receipts Over Disbursements	30,478
Fund Cash Balances, January 1	<u>196,608</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$227,086</u></u></b>
Reserve for Encumbrances, December 31	<u><u>\$47,261</u></u>

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



**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$75,766	\$231,778		\$307,544
Special Assessments		13,521		13,521
Intergovernmental Receipts	101,303	77,499		178,802
Charges for Services	23,988	133,510		157,498
Fines, Licenses, and Permits	4,400	165		4,565
Earnings on Investments	18,612	368		18,980
Miscellaneous	34,671	338		35,009
	<u>258,740</u>	<u>457,179</u>	<u>0</u>	<u>715,919</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	197,528	86,201		283,729
Public Health Services	3,889	75,599		79,488
Leisure Time Activities	39,497			39,497
Community Environment	7,807			7,807
Transportation		94,775		94,775
General Government	126,846	27,257		154,103
Debt Service:				
Principal Payments		67,201		67,201
Interest Payments		2,869		2,869
Capital Outlay		35,908	45,217	81,125
	<u>375,567</u>	<u>389,810</u>	<u>45,217</u>	<u>810,594</u>
Total Receipts Over/(Under) Disbursements	<u>(116,827)</u>	<u>67,369</u>	<u>(45,217)</u>	<u>(94,675)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Notes		27,516	65,217	92,733
Transfers-In	100,000	131,340		231,340
Transfers-Out		(231,340)		(231,340)
	<u>100,000</u>	<u>(72,484)</u>	<u>65,217</u>	<u>92,733</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(16,827)	(5,115)	20,000	(1,942)
Fund Cash Balances, January 1 (restated)	76,096	255,411	0	331,507
<b>Fund Cash Balances, December 31</b>	<u><b>\$59,269</b></u>	<u><b>\$250,296</b></u>	<u><b>\$20,000</b></u>	<u><b>\$329,565</b></u>
Reserves for Encumbrances, December 31	<u><u>\$13,450</u></u>	<u><u>\$28,325</u></u>	<u><u>\$0</u></u>	<u><u>\$41,775</u></u>

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

VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$374,156</u>
Total Operating Cash Receipts	<u>374,156</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	138,839
Travel Transportation	3,937
Contractual Services	190,424
Supplies and Materials	<u>39,253</u>
Total Operating Cash Disbursements	<u>372,453</u>
Operating Income	<u>1,703</u>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service - Principal	9,844
Debt Service - Interest	<u>1,350</u>
Total Non-Operating Cash Disbursements	<u>11,194</u>
Net Receipts (Under) Disbursements	(9,491)
Fund Cash Balances, January 1	<u>206,099</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$196,608</u></u></b>
Reserve for Encumbrances, December 31	<u><u>\$43,364</u></u>

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

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of West Alexandria, Preble 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 and sewer utilities, police, fire and ambulance 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 Deposits**

Certificates of deposit are valued 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:

**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 Funds**

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.

Ambulance Operating Fund

This fund receives money from contracts with other entities for services, Village income taxes, and the individuals using the ambulance service. Expenditures are for maintaining and operating the Village emergency squad.

VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fire Operating Fund

This fund receives money from contracts with other entities for services, and Village income taxes. Expenditures are for maintaining and operating the Village fire department.

Income Tax Fund

This fund receives local income tax receipts. According to municipal ordinance, receipts are then allocated to the General Fund and other Special Revenue Funds by Council.

3. **Capital Project 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 Project funds:

CK24C Fund

This fund receives proceeds from an Ohio Public Works Commission loan. The proceeds are being used for the Lanier Waterline project.

Water Treatment Plant Fund

This fund receives proceeds from an Ohio Water Development Authority loan. The proceeds are being used to construct a water treatment system.

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 Funds:

Water Fund

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

Sewer Fund

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

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund 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 2002 and 2001 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**2. EQUITY IN POOLED CASH AND DEPOSITS**

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

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**2. EQUITY IN POOLED CASH AND DEPOSITS (Continued)**

	2002	2001
Demand deposits	\$355,975	\$336,493
Certificates of deposit	189,892	189,480
Total deposits	545,867	525,973
Cash on Hand	200	200
Total deposits and cash on hand	\$546,067	\$526,173

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$339,900	\$369,174	\$29,274
Special Revenue	411,172	560,818	149,646
Capital Projects	572,350	48,121	(524,229)
Enterprise	375,400	410,349	34,949
Total	\$1,698,822	\$1,388,462	(\$310,360)

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$399,169	\$381,860	\$17,309
Special Revenue	661,468	565,958	95,510
Capital Projects	592,350	64,621	527,729
Enterprise	572,008	427,132	144,876
Total	\$2,224,995	\$1,439,571	\$785,424

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$346,900	\$358,740	\$11,840
Special Revenue	444,600	616,035	171,435
Capital Projects	65,000	65,217	217
Enterprise	372,000	374,156	2,156
Total	\$1,228,500	\$1,414,148	\$185,648

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$423,296	\$389,017	\$34,279
Special Revenue	699,711	649,475	50,236
Capital Projects	65,000	45,217	19,783
Enterprise	560,135	427,011	133,124
Total	\$1,748,142	\$1,510,720	\$237,422

The Village did not record or appropriate grant funds of \$48,121 received on their behalf through the Preble County Community Development Block Grant (CDBG) program during fiscal year 2002.

**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 payments, 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. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Per Village Ordinance 479 the allocation of income tax funds for the purpose of general operations, maintenance, new equipment, extension and enlargement of municipal services and facilities, and capital improvements, shall be determined by Council. Transfers of income tax monies to other funds are approved via Council resolution. In the prior audit report period, the activity of the Income Tax Fund was classified as an Expendable Trust Fund. In accordance with the Auditor of State Village Officer's Handbook, the activity of this fund has been reclassified as a Special Revenue Fund for the current audit period. Adjustments were made to the financial statements to properly record the activity of this fund.

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2002 was as follows:

Ohio Water Development Authority Loan #3324	22,500	0.00%
Ohio Water Development Authority Loan #1964	10,266	7.84%
Ohio Water Development Authority Loan #3436	20,000	0.00%
Ohio Public Works Commission Loan CK24C	30,217	0.00%
Computer Controller Loan	9,000	4.00%
Case Backhoe Lease	23,175	4.75%
Case Skid Loader Lease	11,881	5.00%
Total	<u>\$127,039</u>	

The Ohio Water Development Authority (OWDA) Loan #3324 in the amount of \$35,000 was approved in 2000 for the design of a water treatment system. The Village received \$10,000 of the \$25,000 loan in 2000. The remaining \$15,000 was received in 2001. The loan will be repaid in annual installments of \$2,500 over 10 years, with the first payment due in 2003. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan #1964 relates to water and sewer plant expansion projects that were mandated by the Ohio Environmental Protection Agency. The loan was approved in 1990 in the amount of \$40,598. The loan is being repaid in semiannual installments of \$2,348, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan #3436 for \$50,000 was obtained in 2001 for the design of a water system. As of December 31, 2002, the Village has drawn \$20,000 of the available loan monies. An amortization schedule for the loan will be established upon completion of the project. The loan is to be repaid from the Village's water revenues.

The Village was awarded \$33,575 by the Ohio Public Works Commission (OPWC) on July 7, 1999, for the Lanier waterline and booster pump project. As of December 31, 2002, the Village had drawn \$30,217 of the available loan monies. An amortization schedule for the loan will be established upon completion of the project. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village obtained a commercial loan for \$9,000 on August 7, 2002. The loan proceeds were used to purchase a new controller for the computer system. The loan matures on August 7, 2003, for \$9,360 (including interest).

The lease with Case Credit Corporation is for the lease/purchase of a Case backhoe. The lease was entered into on December 12, 2001. The original lease/purchase amount (less trade-in of \$33,000) was \$29,557 and is being repaid in annual installments of \$6,497. The first payment was made December 12, 2001. The Village will have a concluding payment of \$1 at which time the backhoe will be paid off.



**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. DEBT (Continued)**

The lease with Case Credit Corporation is for the lease/purchase of a Case skid loader. The lease was entered into on May 14, 2002. The original lease/purchase amount was \$14,750 and is being repaid in semi-annual installments of \$1,657. The first payment was made May 22, 2002. The Village will have a concluding payment of \$1 at which time the skid loader will be paid off.

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

	OWDA Loan #3324	OWDA Loan #1964	Computer Controller Loan
Year ending December 31:			
2003		\$2,348	\$9,360
2004	\$2,500	4,697	
2005	2,500	4,697	
2006	2,500		
2007	2,500		
2008 – 2012	12,500		
Total	<u>\$22,500</u>	<u>\$11,742</u>	<u>\$9,360</u>

	Case Backhoe Lease	Case Skid Loader Lease
Year ending December 31:		
2003	\$6,497	\$3,314
2004	6,497	3,314
2005	6,497	3,314
2006	6,497	3,314
2007	1	1
Total	<u>\$25,989</u>	<u>\$13,257</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. PERS 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, 2002.

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**9. SUBSEQUENT EVENT**

On July 1, 2001, the Village was approved for an Ohio Public Works Commission Issue II loan in the amount of \$272,000 for the Lanier waterline and booster pump. The loan proceeds have not yet been received. This loan will be repaid in annual installments of \$6,800 over a period of 20 years.

**10. FUND RECLASSIFICATIONS**

Beginning January 1, 2001, the Village reclassified the Income Tax Fund from an Expendable Trust Fund to a Special Revenue Fund to reflect the nature of the fund's activity. This reclassification resulted in the following changes in fund cash balances:

	<b>Special Revenue</b>	<b>Expendable Trust</b>
Fund cash balance, December 31, 2000	\$79,774	\$175,637
Reclassification of fund	<u>175,637</u>	<u>(175,637)</u>
Fund cash balance, January 1, 2001	<u>\$255,411</u>	<u>\$0</u>



**Auditor of State  
Betty Montgomery**

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

Village of West Alexandria  
Preble County  
16 North Main Street  
West Alexandria, Ohio 45381

To the Village Council:

We have audited the accompanying financial statements of the Village of West Alexandria, Preble County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 28, 2003, wherein we disclosed the Village reclassified its income tax fund. 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 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-30368-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 28, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2002-30368-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

We also 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 April 28, 2003.

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 28, 2003

**VILLAGE OF WEST ALEXANDRIA  
PREBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-30368-001**

**Noncompliance/Reportable Condition**

Ohio Rev. Code, Section 5705.09(F), requires the Village to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure and anticipated expenditures should be included in the Village's appropriations.

As further discussed in Auditor of State Bulletin 2000-008, the Clerk shall record the appropriations in accordance with the terms and conditions of the on-behalf grant or project agreement. In addition, prior to the Village recording the appropriations, Ohio Rev. Code, Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure.

The Clerk did not record the CDBG monies disbursed on behalf of the Village, nor was the grant money included in the appropriations by the Village Council for fiscal year 2002. The accompanying financial statements have been adjusted to reflect receipts and disbursements of \$48,121 for the year ended December 31, 2002. We recommend the Village follow the accounting treatment as prescribed in Auditor of State Bulletin 2000-008 for on-behalf grants.





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF WEST ALEXANDRIA**

**PREBLE 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 20, 2003**