

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

AUDIT REPORT

YEAR ENDED DECEMBER 31, 2005

**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, 2005 through December 31, 2005. 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.

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Alexandria, Licking County as of and for the year ended December 31, 2005, which collectively comprised the Village's basic financial statements. 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 2, the Village has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Alexandria, Licking County, as of December 31, 2005, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**VILLAGE OF ALEXANDRIA, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

This discussion and analysis of the Village of Alexandria's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2005, within the limitations of the Village's cash basis accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$69,408, or 48.2 percent, a significant change from the prior year. This was due to an increase in other financing sources which included grants for the wastewater treatment plant project.

The Village's general receipts are primarily property taxes, and intergovernmental receipts. These receipts represent respectively 15, and 23 percent of total cash received for governmental activities.

The Village's business-type activities are water charges. Net assets decreased by \$9,009, or 18.2 percent due to a increase in supplies and materials.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**VILLAGE OF ALEXANDRIA, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village.

The statements of net assets and statement of activities for 2005 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function and business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's tax base, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and real estate taxes.

In the statement of net assets and the statement of activities, we divide the government into two types of activities.

Governmental activities. Most of the Village's basic services are reported here, including park operations, police, and capital projects. Real estate, property taxes, and loans/grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**VILLAGE OF ALEXANDRIA, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Business-Type Activities. The Village has one business-type activity, the provision of water to its citizens. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2005 are the General Fund, Wastewater Reports Project Fund, and OPWC 4903 Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one enterprise fund. The major enterprise fund is the Water Operating Fund.

**VILLAGE OF ALEXANDRIA, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2005 on the cash basis:

Table 1
NET ASSETS

	Governmental Activities	Business-Type Activities	Total
	2005	2005	2005
Assets			
Cash	\$ 213,155	\$ 40,449	\$ 253,604
Total Assets	<u>\$ 213,155</u>	<u>\$ 40,449</u>	<u>\$ 253,604</u>
Net Assets			
Restricted for:			
Other Purposes	35,446	-	35,446
Capital Projects	54,370	-	54,370
Permanent Funds			
Expendable	1,491	-	1,491
Nonexpendable	16,600	-	16,600
Unrestricted	105,248	40,449	145,697
Total Net Assets	<u>\$ 213,155</u>	<u>\$ 40,449</u>	<u>\$ 253,604</u>

Since this is the first year the Village has reported on this method, there is no comparison to 2004.

**VILLAGE OF ALEXANDRIA, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Table 2 reflects the changes in net assets in 2005

Table 2
CHANGES IN NET ASSETS

	Governmental Activities <u>2005</u>	Business-Type Activities <u>2005</u>	Totals <u>2005</u>
Receipts:			
Program Receipts:			
Charges for Services	\$ 55,924	97,788	\$ 153,712
Operating Grants	24,239	-	24,239
Total Program Receipts	<u>80,163</u>	<u>97,788</u>	<u>177,951</u>
General Receipts;			
Property and Other Tax	39,385	-	39,385
Grants and Entitlements			
not Restricted	33,735	-	33,735
Loan Proceeds	49,985	-	49,985
Interest	2,149	-	2,149
Miscellaneous	54,451	-	54,451
Total General Receipts	<u>179,705</u>	<u>-</u>	<u>179,705</u>
Total Receipts	<u>259,868</u>	<u>97,788</u>	<u>357,656</u>
Disbursements:			
Sec. of Persons and Property	52,106	-	52,106
Leisure Time Activities	989	-	989
Community Environment	1,397	-	1,397
Transportation	13,382	-	13,382
General Government	52,189	-	52,189
Capital Outlay	67,547	-	67,547
Debt Service:			
Principal	2,259	-	2,259
Interest	591	-	591
Water	-	106,797	106,797
Total Disbursements	<u>190,460</u>	<u>106,797</u>	<u>297,257</u>
Increase/(Decrease)			
In Net Assets	69,408	(9,009)	60,399
Net Assets, January 1	143,747	49,458	193,205
Net Assets, December 31	<u>\$ 213,155</u>	<u>\$ 40,449</u>	<u>\$ 253,604</u>

Since this is the first year the Village has reported on this method, there is no comparison to 2004.

Program receipts represent 49% of total receipts for 2005. They are primarily comprised of water and sewer user fees. Intergovernmental receipts such as motor vehicle license and gas tax money, licenses and permits and charges to local governments are included.

General receipts represent 51% of the Village's total receipts for 2005. Local taxes represent 22% of the general receipts. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

**VILLAGE OF ALEXANDRIA, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, mayor, village administrator, solicitor, clerk, and community environment departments as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police protection; Leisure Time Activities are the costs of maintaining the parks; and Transportation is the cost of maintaining roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village of Alexandria. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property, general government, and capital outlay which account for 27, 29, and 35 percent of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village of Alexandria that must be used to provide a specific service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost is presented in Table 3.

	Total Cost of Services 2005	Net Cost of Services 2005
	<u> </u>	<u> </u>
Security of Persons and Property	\$ 52,106	\$ 50,929
Leisure Time Activities	989	989
Community Environment	1,397	711
Transportation	13,382	(7,438)
General Government	52,189	(5,291)
Debt Service – Principal	2,259	2,259
Debt Service – Interest	591	591
Capital Outlay	67,547	67,547
Total Expenses	<u>\$ 190,460</u>	<u>\$ 110,297</u>

Business-Type Activities

The water operations of the Village of Alexandria are relatively material to the Village and routinely reports receipts and cash disbursements that are not relatively equal. The Village is in the process on beginning to build a wastewater treatment plant.

**VILLAGE OF ALEXANDRIA, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

The Government's Funds

Total governmental funds had receipts of \$259,868 for 2005 and disbursements of \$190,460 for 2005. The most significant change from the prior year is the beginning of receiving grant and loan money for the wastewater treatment plant.

General Fund receipts were not less than disbursements indicating the General Fund is in a surplus in its spending situation.

Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to increased interest received and tax collections. The difference between final budgeted receipts and actual receipts was not significant after council certified to amend resources.

Final budgeted disbursements for 2005 were \$205,748. Actual disbursements for 2005 were \$101,140. The Village kept spending close to budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Village of Alexandria does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt Administration

At December 31, 2005, the Village had \$374,171 in loans and leases. The Village had \$336,491 in loans with the Ohio Water Development Authority for engineering services for the wastewater treatment plant. The Village had \$23,155 in loans with the Ohio Public Works Commission, with \$2,013 due within one year for the construction of a water tower. The Village had a capital lease with Huntington National bank in the amount of \$14,525 with \$3,146 due within one year. See footnote #10 for more detail.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Judy L. Reid, Clerk-Treasurer, Village of Alexandria, 116 East Granville, Alexandria, Ohio 43001.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2005**

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 213,155	\$ 40,449	\$ 253,604
Total Assets	\$ 213,155	\$ 40,449	\$ 253,604
NET ASSETS:			
Restricted for:			
Other Purposes	35,446	-	35,446
Capital Projects	54,370	-	54,370
Permanent Fund:			
Expendable	1,491		1,491
Nonexpendable	16,600		16,600
Unrestricted	105,248	40,449	145,697
Total Net Assets	\$ 213,155	\$ 40,449	\$ 253,604

See notes to basic financial statements.

VILLAGE OF ALEXANDRIA
LICKING COUNTY

STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Governmental Activities:							
Security of Persons and Property	\$ 52,106	\$ -	\$ 1,177	\$ -	\$ (50,929)	\$ -	\$ (50,929)
Leisure Time Activities	989	-	-	-	(989)	-	(989)
Community Environment	1,397	686	-	-	(711)	-	(711)
Transportation	13,382	-	20,820	-	7,438	-	7,438
General Government	52,189	55,238	2,242	-	5,291	-	5,291
Debt Service-Principal	2,259	-	-	-	(2,259)	-	(2,259)
Debt Service-Interest	591	-	-	-	(591)	-	(591)
Capital Outlay	67,547	-	-	-	(67,547)	-	(67,547)
Total Governmental Activities	<u>190,460</u>	<u>55,924</u>	<u>24,239</u>	<u>-</u>	<u>(110,297)</u>	<u>-</u>	<u>(110,297)</u>
Business Type Activities							
Water	106,797	97,788	-	-	-	(9,009)	(9,009)
Total Business Type Activities	<u>106,797</u>	<u>97,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,009)</u>	<u>(9,009)</u>
Total	<u>\$ 297,257</u>	<u>\$ 153,712</u>	<u>\$ 24,239</u>	<u>\$ -</u>	<u>(110,297)</u>	<u>(9,009)</u>	<u>(119,306)</u>
			General Receipts:				
			Property Taxes		39,385	-	39,385
			Grants and Entitlements not Restricted to Specific Programs		33,735	-	33,735
			Loan Proceeds		49,985	-	49,985
			Earnings on Investments		2,149	-	2,149
			Miscellaneous		54,451	-	54,451
			Total General Receipts		<u>179,705</u>	<u>-</u>	<u>179,705</u>
			Change in Net Assets		69,408	(9,009)	60,399
			Net Assets Beginning of Year		<u>143,747</u>	<u>49,458</u>	<u>193,205</u>
			Net Assets End of Year		<u>\$ 213,155</u>	<u>\$ 40,449</u>	<u>\$ 253,604</u>

See notes to the basic financial statements.

VILLAGE OF ALEXANDRIA
LICKING COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2005

	<u>General</u>	<u>Wastewater Report Projects</u>	<u>OPWC 4903</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and cash Equivalents	\$ 105,248	\$ 17,183	\$ 36,501	\$ 54,223	\$ 213,155
Total Assets	<u>\$ 105,248</u>	<u>\$ 17,183</u>	<u>\$ 36,501</u>	<u>\$ 54,223</u>	<u>\$ 213,155</u>
Fund Balances:					
Reserved:					
Reserved for Encumbrances	\$ 1,035	\$ -	\$ -	\$ 1,072	\$ 2,107
Unreserved:					
General Fund	104,213	-	-	-	104,213
Special Revenue Fund	-	-	-	34,374	34,374
Capital Projects Fund	-	17,183	36,501	686	54,370
Permanent Fund	-	-	-	18,091	18,091
Total Fund Balances	<u>\$ 105,248</u>	<u>\$ 17,183</u>	<u>\$ 36,501</u>	<u>\$ 54,223</u>	<u>\$ 213,155</u>

See notes to basic financial statements.

VILLAGE OF ALEXANDRIA
LICKING COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Wasterwater Report Projects	OPWC 4903	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS					
Property and Other Local Taxes	\$ 29,139	\$ -	\$ -	\$ 10,246	\$ 39,385
Intergovernmental	38,007	-	-	21,997	60,004
Special Assessment	160	-	-	45	205
Charges for Services	1,414	-	-	-	1,414
Fines, Licenses, Permits	54,466	-	-	-	54,466
Earnings on Investments	1,492	12	-	645	2,149
Miscellaneous	29	-	-	1,228	1,257
Total Receipts	<u>124,707</u>	<u>12</u>	<u>-</u>	<u>34,161</u>	<u>158,880</u>
CASH DISBURSEMENTS:					
Current:					
Security of Persons and Property	43,569	-	-	8,537	52,106
Leisure Time Activities	-	-	-	989	989
Community Environment	1,397	-	-	-	1,397
Transportation	-	-	-	13,382	13,382
General Government	52,189	-	-	-	52,189
Debt Service:					
Principal	2,259	-	-	-	2,259
Interest	591	-	-	-	591
Capital Outlay	100	53,629	8,818	5,000	67,547
Total Disbursements	<u>100,105</u>	<u>53,629</u>	<u>8,818</u>	<u>27,908</u>	<u>190,460</u>
Excess of Receipts Over (Under) Disbursements	24,602	(53,617)	(8,818)	6,253	(31,580)
Other Cash Financing Sources (Uses)					
Loan Proceeds	-	49,985	-	-	49,985
Other Financing Sources	-	-	45,319	5,684	51,003
Total Other Financing Sources (Uses)	-	49,985	45,319	5,684	100,988
Net Change in Fund Balance	24,602	(3,632)	36,501	11,937	69,408
Cash Fund Balances Beginning of Year	<u>80,646</u>	<u>20,815</u>	<u>-</u>	<u>42,286</u>	<u>143,747</u>
Cash Fund Balances End of Year	<u>\$ 105,248</u>	<u>\$ 17,183</u>	<u>\$ 36,501</u>	<u>\$ 54,223</u>	<u>\$ 213,155</u>

See notes to basic financial statements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 30,339	\$ 30,339	\$ 29,139	\$ (1,200)
Intergovernmental	38,198	38,198	38,007	(191)
Special Assessments	200	200	160	(40)
Charges for Services	-	-	1,414	1,414
Fines, Licenses, Permits	68,336	68,336	54,466	(13,870)
Earnings on Investments	1,300	1,300	1,492	192
Miscellaneous	3,518	3,518	29	(3,489)
Total Receipts	<u>141,891</u>	<u>141,891</u>	<u>124,707</u>	<u>(17,184)</u>
CASH DISBURSEMENTS:				
Current:				
Security of Persons and Property	67,896	67,908	43,581	24,327
Community Environment	2,363	2,363	1,397	966
General Government	67,968	66,141	53,212	12,929
Debt Service:				
Principal	-	2,259	2,259	-
Interest	-	591	591	-
Capital Outlay	1,500	1,500	100	1,400
Total Disbursements	<u>139,727</u>	<u>140,762</u>	<u>101,140</u>	<u>39,622</u>
Excess of Receipts Over (Under) Disbursements	2,164	1,129	23,567	22,438
Other Cash Financing Sources (Uses)				
Transfer-Out	(20,000)	(20,000)	-	20,000
Advance-Out	(1,000)	(1,000)	-	1,000
Other Financing Sources	176	176	-	(176)
Other Financing Uses	(44,986)	(44,986)	-	44,986
Total Other Financing Sources (Uses)	<u>(65,810)</u>	<u>(65,810)</u>	<u>-</u>	<u>65,810</u>
Net Change in Fund Balance	(63,646)	(64,681)	23,567	88,248
Cash Fund Balances Beginning of Year	79,611	79,611	79,611	-
Prior Year Encumbrances Appropriated	<u>1,035</u>	<u>1,035</u>	<u>1,035</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 17,000</u>	<u>\$ 15,965</u>	<u>\$ 104,213</u>	<u>\$ 88,248</u>

See notes to basic financial statements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**STATEMENT OF FUND NET ASSETS-CASH BASIS
PROPRIETARY FUNDS
December 31, 2005**

	<u>Water Operating</u>	<u>Total Enterprise Funds</u>
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	\$ 40,449	\$ 40,449
Total Assets	<u>\$ 40,449</u>	<u>\$ 40,449</u>
Net Assets:		
Restricted for:		
Debt Service	-	-
Other Purposes	40,449	40,449
Total Net Assets	<u>\$ 40,449</u>	<u>\$ 40,449</u>

See notes to basic financial statements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS-CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Water Operating	Enterprise Total
OPERATING CASH RECEIPTS		
Charges for Services	\$ 97,788	\$ 97,788
Total Operating Receipts	97,788	97,788
OPERATING CASH DISBURSEMENTS:		
Personal Services	16,490	16,490
Employee Fringe Benefits	2,874	2,874
Contractual Services	65,995	65,995
Supplies and Materials	19,425	19,425
Total Operating Disbursements	104,784	104,784
Operating Income (Loss)	(6,996)	(6,996)
Non-operating Cash Receipts (Disbursements)		
Debt Service:		
Principal	(2,013)	(2,013)
Total non-operating Cash Receipts (Disbursements)	(2,013)	(2,013)
Change in Net Assets	(9,009)	(9,009)
Net Assets Beginning of Year	49,458	49,458
Net Assets End of Year	\$ 40,449	\$ 40,449

See notes to basic financial statements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS-CASH BASIS
December 31, 2005**

	<u>Agency</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,270</u>
Total Assets	<u>\$ 1,270</u>
NET ASSETS:	
Unrestricted	<u>1,270</u>
Total Net Assets	<u><u>\$ 1,270</u></u>

See notes to basic financial statements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

The Village of Alexandria, Licking County (the Village), is a body politic and corporate 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.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water utilities, park operations, and police services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. Based on these criteria, the Village has no component units.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government and distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service.

The statement of net assets present the cash balance of the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the programs goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include cost of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's has three major governmental fund, which are the General Fund, Wastewater Report Projects Fund, and OPWC 4903 Fund..

- The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

- The Wastewater Reports Projects Fund is used to account for loans received and is used to account for the building of a wastewater treatment plant.
- The OPWC 4903 Fund is used to account for loans received from the Ohio Public Works Commission and is used to account for the building of a wastewater treatment plant.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village’s major enterprise funds are the Water Operating Fund, the Sewer Operating Fund, and the Water Debt Fund.

Water Operating Fund – The water operating fund accounts for the provision of water to the residents and commercial users located within the Village.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village’s own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village’s fiduciary fund is a agency fund which is used to account for Mayor’s Court fine collections an disbursements.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained throughout Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains at the time of sale are recorded as receipts.

During 2005, the Village invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows Villages within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$1,492.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted net assets represent all funds except for general fund and water fund.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for debt payments, capital expenditures such as land and land improvements, street maintenance, and police and fire equipment.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Change in Accounting Principles

Last audit period the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This audit period the Village has implemented the cash basis of accounting. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type. There was no restatement of fund equity due to this change.

For 2005, the Village has implemented *GASB Statement No. 40 – an amendment, “Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3”*. *GASB Statement No. 40* creates new disclosure requirements for deposits and investments related to credit risk, interest rate risk and foreign currency risk. The implementation of this statement had no effect on the Village's financial statements for 2005.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year-end (budgetary basis) amounted to \$1,035 for the General Fund.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by State into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution, to secure the repayment of all public monies deposited with the institution. National City Bank is the financial institution for the Village.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$153,604 of the Village's bank balance of \$253,604 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2005, the Village's investments were in STAR Ohio.

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the Village' investment policy requires that the investment portfolio remain sufficiently liquid to enable the Village to meet all operating requirements by investing in adequate amount of short-term investments in the portfolio to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

The underlying security of the repurchase agreement is Federal Home Loan Mortgage Corporation Notes, which carry a credit rating of AAA by Moody's. The Village's investment policy limits investments to those authorized by State statute. State statute only addresses credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Corporation Notes related to the repurchase agreement are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk

The Village places no limit on the amount it may invest in any one issuer. Of the Village's total investments, 100 percent is invested in a repurchase agreement.

6. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstance, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 31, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY TAXES (Continued)

The full tax rate for all Village operations for the year ended December 31, 2005, was \$4.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property		
Residential	\$	13,935,250
Agriculture		21,870
Commercial/Industrial/Mineral		7,990,050
Public Utility Property		
Real		1,530
Personal		991,070
Tangible Personal Property		8,352,560
Total Assessed Value	\$	<u>31,292,330</u>

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	(3,424,271)	(3,653,152)
Retained earnings	<u>\$ (1,034,121)</u>	<u>\$ (1,841,812)</u>

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLANS

a. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The employer contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$6,999, \$7,624, and \$6,249, respectively. The full amount has been contributed for 2005, 2004 and 2003.

9. POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State Statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4 percent of covered payroll was the portion that was used to fund health care.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

9. POSTEMPLOYMENT BENEFITS

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual Village contributions for 2005, which were used to fund post employment benefits, were \$24,314. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS's health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

10. DEBT

The Village's long -term debt activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Balance January 1 2005	Additions	Deductions	Balance December 31 2005	Amount Due Within One Year
<u>Governmental-Type</u>						
<u>Activities</u>						
Capital Lease	6.64%	\$ -	\$ 16,784	\$ 2,259	\$ 14,525	\$ 3,146
OWDA Loan #3590	5.65%	286,506	49,985	-	336,491	-
 <u>Business-Type Activities</u>						
OPWC Loan	0.00%	25,168	-	2,013	23,155	2,013
Total		\$ 311,674	\$ 66,769	\$ 4,272	\$ 374,171	\$ 292,122

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

10. DEBT (CONTINUED)

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 \$336,491. The remaining loan will be drawn down in subsequent years. The loan is collateralized by general revenues of the Village. This is not included in the amortization schedule below.

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.

In 2005, the Village entered into a lease-purchase agreement with the Huntington National Bank for a police cruiser. Interest is charged at 6.64% and payments of \$316 are made monthly.

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

Year	Capital Lease		OPWC Loans
	Principal	Interest	Principal
2006	\$ 3,146	\$ 654	\$ 2,013
2007	3,307	493	2,013
2008	3,476	324	2,013
2009	3,654	146	2,013
2010	942	8	2,013
2011-2015	-	-	10,065
2016-2020	-	-	3,025
Total	<u>\$ 14,525</u>	<u>\$ 1,625</u>	<u>\$ 23,155</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.**

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Village of Alexandria as of and for the year ended December 31, 2005, and have issued our report thereon dated September 8, 2006, wherein we noted the Village followed the cash basis of accounting, a comprehensive accounting basis other 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 are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Village of Alexandria in a separate letter dated September 8, 2006.

This report is intended for the information of the Village 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**