



**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF ALEXANDRIA
LICKING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Enterprise Fund and Fiduciary Fund Types For the Year Ended December 31, 2000	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Enterprise Fund and Fiduciary Fund Types For the Year Ended December 31, 2000	6
Notes to the Financial Statements	7
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the Village of Alexandria (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village as of December 31, 2001 and December 31, 2000, 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 February 6, 2002 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 audits.

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

JIM PETRO
Auditor of State

February 6, 2002

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$23,171	\$14,927	\$0	\$38,098
Special Assessments	57	0	0	57
Intergovernmental Receipts	39,792	18,528	0	58,320
Charges for Services	1,045	0	0	1,045
Fines, Licenses, and Permits	47,275	0	0	47,275
Earnings on Investments	2,426	443	3	2,872
Miscellaneous	23,759	5,921	0	29,680
	<u>137,525</u>	<u>39,819</u>	<u>3</u>	<u>177,347</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	52,319	6,908	0	59,227
Public Health Services	13	0	0	13
Leisure Time Activities	0	4,409	0	4,409
Community Environment	1,014	0	0	1,014
Transportation	0	29,174	0	29,174
General Government	62,798	104	0	62,902
Debt Service	10,493	0	35,000	45,493
Capital Outlay	0	0	9,335	9,335
	<u>126,637</u>	<u>40,595</u>	<u>44,335</u>	<u>211,567</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>10,888</u>	<u>(776)</u>	<u>(44,332)</u>	<u>(34,220)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	0	361	0	361
Sale of Bonds or Notes	4,500	0	0	4,500
Transfers-In	0	1,100	0	1,100
Transfers-Out	(1,100)	0	0	(1,100)
	<u>3,400</u>	<u>1,461</u>	<u>0</u>	<u>4,861</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	14,288	685	(44,332)	(29,359)
Fund Cash Balances, January 1	<u>59,160</u>	<u>18,787</u>	<u>44,715</u>	<u>122,662</u>
Fund Cash Balances, December 31	<u>\$73,448</u>	<u>\$19,472</u>	<u>\$383</u>	<u>\$93,303</u>
Reserve for Encumbrances, December 31	<u>\$1,023</u>	<u>\$1,072</u>	<u>\$0</u>	<u>\$2,095</u>

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Interest	\$0	\$782	\$0	\$782
Charges for Services	81,556	0	0	81,556
Total Operating Cash Receipts	<u>81,556</u>	<u>782</u>	<u>0</u>	<u>82,338</u>
Operating Cash Disbursements:				
Personal Services	14,420	0	0	14,420
Fringe Benefits	2,375	0	0	2,375
Contractual Services	44,909	0	0	44,909
Supplies and Materials	5,019	835	0	5,854
Total Operating Cash Disbursements	<u>66,723</u>	<u>835</u>	<u>0</u>	<u>67,558</u>
Operating Income/(Loss)	<u>14,833</u>	<u>(53)</u>	<u>0</u>	<u>14,780</u>
Non-Operating Cash Receipts:				
Interest	357	0	0	357
Court Collections	0	0	54,325	54,325
Total Non-Operating Cash Receipts	<u>357</u>	<u>0</u>	<u>54,325</u>	<u>54,682</u>
Non-Operating Cash Disbursements:				
Debt Service - Principal	2,013	0	0	2,013
Other Financing Uses	0	0	52,502	52,502
Total Non-Operating Cash Disbursements	<u>2,013</u>	<u>0</u>	<u>52,502</u>	<u>54,515</u>
Net Receipts Over/(Under) Disbursements	13,177	(53)	1,823	14,947
Fund Cash Balances, January 1	<u>24,233</u>	<u>16,974</u>	<u>3,565</u>	<u>44,772</u>
Fund Cash Balances, December 31	<u>\$37,410</u>	<u>\$16,921</u>	<u>\$5,388</u>	<u>\$59,719</u>
Reserve for Encumbrances, December 31	<u>\$1,519</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,519</u>

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$19,596	\$8,692	\$0	\$28,288
Special Assessments	47	13	0	60
Intergovernmental Receipts	37,656	17,784	35,000	90,440
Charges for Services	1,147	0	0	1,147
Fines, Licenses, and Permits	18,126	0	0	18,126
Earnings on Investments	1,836	225	0	2,061
Miscellaneous	6,843	3,873	0	10,716
	<u>85,251</u>	<u>30,587</u>	<u>35,000</u>	<u>150,838</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	25,700	8,900	0	34,600
Public Health Services	8	0	0	8
Leisure Time Activities	0	2,661	0	2,661
Community Environment	808	0	0	808
Basic Utility Services	0	0	0	0
Transportation	0	15,922	0	15,922
General Government	43,285	103	0	43,388
Debt Service	2,500	0	0	2,500
Capital Outlay	600	393	34,761	35,754
	<u>72,901</u>	<u>27,979</u>	<u>34,761</u>	<u>135,641</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>12,350</u>	<u>2,608</u>	<u>239</u>	<u>15,197</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes	0	0	44,000	44,000
Transfers-In	0	2,000	0	2,000
Transfers-Out	(2,000)	0	0	(2,000)
	<u>(2,000)</u>	<u>2,000</u>	<u>44,000</u>	<u>44,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	10,350	4,608	44,239	59,197
Fund Cash Balances January 1	<u>48,810</u>	<u>14,179</u>	<u>476</u>	<u>63,465</u>
Fund Cash Balances, December 31	<u>\$59,160</u>	<u>\$18,787</u>	<u>\$44,715</u>	<u>\$122,662</u>
Reserve for Encumbrances, December 31	<u>\$1,023</u>	<u>\$1,072</u>	<u>\$0</u>	<u>\$2,095</u>

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Interest	\$0	\$1,165	\$0	\$1,165
Charges for Services	76,562	0	0	76,562
Total Operating Cash Receipts	76,562	1,165	0	77,727
Operating Cash Disbursements:				
Personal Services	14,548	0	0	14,548
Fringe Benefits	1,909	0	0	1,909
Contractual Services	45,819	0	0	45,819
Supplies and Materials	6,300	1,080	0	7,380
Capital Outlay	0	250	0	250
Total Operating Cash Disbursements	68,576	1,330	0	69,906
Operating Income/(Loss)	7,986	(165)	0	7,821
Non-Operating Cash Receipts:				
Court Collections	0	0	24,635	24,635
Non-Operating Cash Disbursements:				
Debt Service	2,015	0	0	2,015
Other Financing Uses	0	0	21,219	21,219
Total Non-Operating Cash Disbursements	2,015	0	21,219	23,234
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	5,971	(165)	3,416	9,222
Net Receipts Over/(Under) Disbursements	5,971	(165)	3,416	9,222
Fund Cash Balances, January 1	18,262	17,139	149	35,550
Fund Cash Balances, December 31	\$24,233	\$16,974	\$3,565	\$44,772
Reserve for Encumbrances, December 31	\$1,519	\$0	\$0	\$1,519

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

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

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Fund

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

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

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

3. Capital Projects Funds

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

Wastewater Projects Fund - This fund received the proceeds of a general obligation note and a county grant. The proceeds and grant are being used to construct a water storage tower.

4. Enterprise Fund

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

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

5. Fiduciary Fund (Non-Expendable Trust Fund)

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

Mayor's Court Agency Fund - This fund receives money paid to the Mayor's Court for fines.

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

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.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$ 113,845	\$ 115,608
Certificates of deposit	20,289	31,631
Total deposits	134,134	147,239
STAR Ohio	18,888	20,195
Total deposits and investments	\$153,022	\$167,434

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

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

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,330	\$142,025	\$38,695
Special Revenue	30,970	41,280	10,310
Capital Projects	0	3	3
Enterprise	76,000	81,913	5,913
Fiduciary (Trust)	1,000	782	(218)
Total	<u>\$211,300</u>	<u>\$266,003</u>	<u>\$54,703</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$162,146	\$128,760	\$33,386
Special Revenue	45,044	41,667	3,377
Capital Projects	44,715	44,335	380
Enterprise	99,465	70,255	29,210
Fiduciary (Trust)	1,300	835	465
Total	<u>\$352,670</u>	<u>\$285,852</u>	<u>\$66,818</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,617	\$85,251	\$12,634
Special Revenue	31,000	32,587	1,587
Capital Projects	44,000	79,000	35,000
Enterprise	73,000	76,562	3,562
Fiduciary (Trust)	830	1,165	335
Total	<u>\$221,447</u>	<u>\$274,565</u>	<u>\$53,118</u>

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,440	\$75,924	\$22,516
Special Revenue	45,751	29,051	16,700
Capital Projects	44,476	34,761	9,715
Enterprise	77,730	72,110	5,620
Fiduciary (Trust)	1,330	1,330	0
Total	\$267,727	\$213,176	\$54,551

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$17,500	0%
Ohio Public Works Commission Loan	32,214	0%
General Obligation Note	4,500	7%
Total	\$54,214	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater engineering loan to build a wastewater treatment plant. The loan will be repaid in annual installments of \$2,500, with no interest, over 10 years. The loan is repaid from the General Fund.

**VILLAGE OF ALEXANDRIA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

The Ohio Public Works Commission (OPWC) loan relates to the construction of a water storage tower. The loan will be repaid in semiannual installments of \$1007, 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.

The General Obligation Note will be paid from the General Fund.

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>	<u>OPWC Loan</u>	<u>General Obligation Note</u>
2002	\$2,500	\$2,013	\$2,471
2003	2,500	2,013	2,471
2004	2,500	2,013	0
2005	2,500	2,013	0
2006	2,500	2,013	0
2007 – 2017	5,000	22,149	0
Total	<u>\$17,500</u>	<u>\$32,214</u>	<u>\$4,942</u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries through June 30, 2000. Commencing July 1, 2000 and ending December 31, 2001, PERS temporarily reduced employer contributions to 8.13%. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

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

VILLAGE OF ALEXANDRIA
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

7. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, the most current data available:

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

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**STATE OF OHIO
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the Village of Alexandria (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated February 6, 2002. We conducted our audits 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 audits 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 management of the Village in a separate letter dated .

Internal Control Over Financial Reporting

In planning and performing our audits, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 6, 2002.

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

JIM PETRO
Auditor of State

February 6, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
MARCH 19, 2002**