



**Auditor of State  
Betty Montgomery**



VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Village of New Albany  
Franklin County  
99 West Main Street  
New Albany, Ohio 43054

To the Village Council:

We have audited the accompanying financial statements of the Village of New Albany, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2003, and December 31, 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2004, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

**Betty Montgomery**  
Auditor of State

June 9, 2004

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$5,276,902	\$0	\$0	\$463,754	\$5,740,656
Special Assessments	0	76,135	0	0	76,135
Intergovernmental Receipts	217,150	323,271	0	1,030,449	1,570,870
Charges for Services	43,233	0	0	360,055	403,288
Fines, Licenses, and Permits	859,171	5,904	0	0	865,075
Earnings on Investments	103,488	0	0	0	103,488
Miscellaneous	27,914	14,698	0	42,335	84,947
<b>Total Cash Receipts</b>	<b>6,527,858</b>	<b>420,008</b>	<b>0</b>	<b>1,896,593</b>	<b>8,844,459</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,520,006	14,364	0	0	1,534,370
Public Health Services	66,677	0	0	0	66,677
Leisure Time Activities	0	9,697	0	0	9,697
Community Environment	357,728	0	0	0	357,728
Transportation	577,617	287,090	0	0	864,707
General Government	1,801,342	11,707	0	0	1,813,049
Debt Service:					
Principal Payments	182,294	0	0	3,328,058	3,510,352
Interest Payments	314,100	47,874	9,121	139,057	510,152
Capital Outlay	301,656	24,725	0	1,238,705	1,565,086
<b>Total Cash Disbursements</b>	<b>5,121,420</b>	<b>395,457</b>	<b>9,121</b>	<b>4,705,820</b>	<b>10,231,818</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>1,406,438</b>	<b>24,551</b>	<b>(9,121)</b>	<b>(2,809,227)</b>	<b>(1,387,359)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Bonds	0	0	0	13,250,000	13,250,000
Sale of Fixed Assets	28,889	0	0	0	28,889
Transfers-In	0	11,000	0	0	11,000
Transfers-Out	(11,000)	0	0	0	(11,000)
Other Financing Sources (Uses)	0	0	0	(8,741)	(8,741)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>17,889</b>	<b>11,000</b>	<b>0</b>	<b>13,241,259</b>	<b>13,270,148</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,424,327	35,551	(9,121)	10,432,032	11,882,789
Fund Cash Balances, January 1	2,402,856	345,380	9,121	2,800,855	5,558,212
<b>Fund Cash Balances, December 31</b>	<b>\$3,827,183</b>	<b>\$380,931</b>	<b>\$0</b>	<b>\$13,232,887</b>	<b>\$17,441,001</b>
Reserves for Encumbrances, December 31	\$297,773	\$74,114	\$0	\$1,552,705	\$1,924,592

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

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$1,284,236
Miscellaneous	128,672
	1,412,908
Total Operating Cash Receipts	1,412,908
<b>Operating Cash Disbursements:</b>	
Contractual Services	846,524
	846,524
Total Operating Cash Disbursements	846,524
Operating Income/(Loss)	566,384
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	3,116,209
Fines, Licenses, and Permits	140,318
	3,256,527
Total Non-Operating Cash Receipts	3,256,527
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	3,249,769
	3,249,769
Total Non-Operating Cash Disbursements	3,249,769
Net Receipts Over/(Under) Disbursements	573,142
Fund Cash Balances, January 1	380,836
<b>Fund Cash Balances, December 31</b>	<b>\$953,978</b>
Reserve for Encumbrances, December 31	\$371,398

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



**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$4,284,566	\$0	\$0	\$408,221	\$4,692,787
Special Assessments	0	4,935	0	0	4,935
Intergovernmental Receipts	197,526	263,726	0	632,866	1,094,118
Charges for Services	57,283	0	0	636,607	693,890
Fines, Licenses, and Permits	740,185	23,375	0	0	763,560
Earnings on Investments	104,527	0	0	0	104,527
Miscellaneous	53,143	18,161	0	13,832	85,136
	<u>5,437,230</u>	<u>310,197</u>	<u>0</u>	<u>1,691,526</u>	<u>7,438,953</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,356,213	2,840	0	0	1,359,053
Public Health Services	53,541	0	0	0	53,541
Leisure Time Activities	0	7,650	0	0	7,650
Community Environment	311,968	0	0	0	311,968
Transportation	464,890	221,921	0	0	686,811
General Government	1,620,294	43,537	0	0	1,663,831
Debt Service:					
Principal Payments	0	0	205,686	5,055,686	5,261,372
Interest Payments	0	31,500	289,886	98,501	419,887
Capital Outlay	245,435	2,529	0	1,011,110	1,259,074
	<u>4,052,341</u>	<u>309,977</u>	<u>495,572</u>	<u>6,165,297</u>	<u>11,023,187</u>
Total Receipts Over/(Under) Disbursements	<u>1,384,889</u>	<u>220</u>	<u>(495,572)</u>	<u>(4,473,771)</u>	<u>(3,584,234)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Notes	0	0	0	5,750,000	5,750,000
Sale of Fixed Assets	8,344	0	0	0	8,344
Transfers-In	35	0	495,572	0	495,607
Transfers-Out	(312,113)	(29,272)	0	(154,187)	(495,572)
Other Financing Sources (Uses)	0	0	0	(11,406)	(11,406)
	<u>(303,734)</u>	<u>(29,272)</u>	<u>495,572</u>	<u>5,584,407</u>	<u>5,746,973</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,081,155	(29,052)	0	1,110,636	2,162,739
Fund Cash Balances, January 1	<u>1,321,701</u>	<u>374,432</u>	<u>9,121</u>	<u>1,690,219</u>	<u>3,395,473</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$2,402,856</b></u>	<u><b>\$345,380</b></u>	<u><b>\$9,121</b></u>	<u><b>\$2,800,855</b></u>	<u><b>\$5,558,212</b></u>
Reserves for Encumbrances, December 31	<u>\$18,455</u>	<u>\$26,568</u>	<u>\$0</u>	<u>\$138,656</u>	<u>\$183,679</u>

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

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$0	\$940,850	\$940,850
Total Operating Cash Receipts	<u>0</u>	<u>940,850</u>	<u>940,850</u>
<b>Operating Cash Disbursements:</b>			
Contractual Services	0	769,651	769,651
Total Operating Cash Disbursements	<u>0</u>	<u>769,651</u>	<u>769,651</u>
Operating Income/(Loss)	<u>0</u>	<u>171,199</u>	<u>171,199</u>
<b>Non-Operating Cash Receipts:</b>			
Property Tax and Other Local Taxes	0	1,939,553	1,939,553
Fines, Licenses, and Permits	0	141,199	141,199
Total Non-Operating Cash Receipts	<u>0</u>	<u>2,080,752</u>	<u>2,080,752</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	0	2,087,965	2,087,965
Total Non-Operating Cash Disbursements	<u>0</u>	<u>2,087,965</u>	<u>2,087,965</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	0	163,986	163,986
Transfers-Out	<u>(35)</u>	<u>0</u>	<u>(35)</u>
Net Receipts Over/(Under) Disbursements	(35)	163,986	163,951
Fund Cash Balances, January 1	<u>35</u>	<u>216,850</u>	<u>216,885</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$0</u></b>	<b><u>\$380,836</u></b>	<b><u>\$380,836</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$174,997</u>	<u>\$174,997</u>

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

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of New Albany, Franklin County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services including 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 reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit, repurchase agreements, and U.S. Treasury Notes are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant Capital Project Funds:

*Bond Improvement Fund* - This fund receives proceeds of general obligation bonds. The proceeds are being used for constructing, furnishing, and equipping a police department and public service building and for acquiring land and constructing a sanitary sewer sub-trunk line.

*Capital Improvement Fund*- This fund receives intergovernmental, miscellaneous and water and sewer tap receipts for acquiring, purchasing and/or constructing, reconstructing, and maintaining infrastructure. The fund is also used for paying the cost or property purchased for any public purpose.

*Issue II Fund*- This fund receives Issue II monies for the constructing and paving of Village roads.

*Water and Sewer Fund*- This fund received intergovernmental receipts and tap in fees for improving water and sewer infrastructure.

5. Internal Service Fund

This fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the Village generally on a cost-reimbursement basis.

6. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

*Central College Economic Opportunity Zone Fund* - This fund receives income tax receipts from businesses within the Central College economic opportunity zone. The receipts are remitted to the New Albany Community Authority and the Plain Local School District.

*Blacklick Economic Opportunity Zone Fund* - This fund receives income tax receipts from businesses within the Blacklick economic opportunity zone. The receipts are remitted to the New Albany Community Authority and the Plain Local School District.

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

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

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

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

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

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

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

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

	2003	2002
Demand deposits	\$2,743,789	\$1,253,675
Certificates of deposit	0	95,000
Total deposits	2,743,789	1,348,675
U.S. Treasury Obligations	14,285,117	2,908,761
STAR Ohio	112,645	111,406
Repurchase agreement	1,253,428	1,570,206
Total investments	15,651,190	4,590,373
Total deposits and investments	\$18,394,979	\$5,939,048

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

**Investments:** U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,556,815	\$6,556,747	(\$68)
Special Revenue	394,782	431,008	36,226
Capital Projects	15,112,519	15,146,593	34,074
Total	\$22,064,116	\$22,134,348	\$70,232

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,168,750	\$5,430,193	\$1,738,557
Special Revenue	540,582	469,571	71,011
Debt Service	9,121	9,121	0
Capital Projects	6,788,102	6,267,266	520,836
Total	\$14,506,555	\$12,176,151	\$2,330,404

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,416,387	\$5,445,609	\$29,222
Special Revenue	274,651	310,197	35,546
Debt Service	495,572	495,572	0
Capital Projects	5,675,652	7,441,526	1,765,874
Total	\$11,862,262	\$13,692,904	\$1,830,642

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,500,959	\$4,382,909	\$1,118,050
Special Revenue	526,163	365,817	160,346
Debt Service	504,693	495,572	9,121
Capital Projects	5,259,541	6,469,546	(1,210,005)
Total	\$11,791,356	\$11,713,844	\$77,512

In 2002, the Village did not budget for a note rollover in its capital projects fund.

**4. PROPERTY TAX**

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

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

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

**5. LOCAL INCOME TAX**

Until July 2003, the Village levied a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Effective July 2003, the Village's municipal income tax increased to two percent.

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

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

**5 LOCAL INCOME TAX (Continued)**

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority (RITA) either monthly or quarterly, as required. RITA collects and processes the Village's income tax receipts. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan # 2163	\$1,732,429	5.77%
Ohio Water Development Authority Loan # 2977	\$444,853	6.72%
Ohio Water Development Authority Loan #3189	\$630,966	5.25%
General Obligation Bonds	13,460,000	variable
Capital Improvement Bonds	3,355,000	variable
Total	<u>\$19,623,248</u>	

The Ohio Water Development Authority (OWDA) loans 2977 and 3189 relate to the construction of waterlines. Loan 2163 relates to the construction of an elevated water storage tank and booster pump. The loans will be repaid in semiannual installments, including interest, over 20 years. The loans are collateralized by the Village's general revenues.

The General Obligation Bonds were issued in 2003. \$10,210,000 of the bonds is for constructing, furnishing, and equipping a police department and public service building. The other 3,250,000 is for acquiring land and constructing a sanitary sewer sub-trunk line. The bonds will be repaid in semiannual installments, including interest, over 31 years. The bonds are collateralized by the Village's general revenues.

The Capital Improvement Bonds were issued in 1999 for the construction of a municipal building. The bonds will be repaid in semiannual installments, including interest, over 20 years. The bonds are collateralized by the Village's general revenues.

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



**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

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

**6. DEBT (Continued)**

Year ending December 31:	OWDA Loan #2163	OWDA Loan #2977	OWDA Loan # 3189	General Obligation Bonds	Capital Improvement Bonds
2004	\$164,190	\$56,789	\$61,322	\$914,158	\$311,962
2005	164,190	56,789	61,322	914,158	315,775
2006	164,190	56,789	61,322	914,158	309,125
2007	164,190	56,789	61,322	914,158	312,300
2008	164,190	56,789	61,322	914,158	319,993
2009 - 2013	820,948	283,943	306,608	4,570,791	1,561,652
2014 - 2018	410,474	85,183	306,608	4,570,791	1,565,075
2019 - 2023	264,284		91,983	4,570,791	
2024 - 2028				4,570,791	
2029 - 2033				4,570,791	
2034 - 2038				914,158	
Total	<u>\$2,316,656</u>	<u>\$653,071</u>	<u>\$1,011,809</u>	<u>\$28,338,903</u>	<u>\$4,695,882</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

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

**8. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for a 5% portion the Plan retains. With policies effective September 1, 2003 and after, The Plan pays the lesser of 5% or \$25,000 for casualty losses up to the coverage limit and the lesser of 5% or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

	<b>2003</b>	<b>2002</b>
Assets	\$5,402,167	\$5,584,592
Liabilities	<u>(1,871,123)</u>	<u>(2,441,793)</u>
Members' Equity	<u>\$3,531,044</u>	<u>\$3,142,799</u>

**9. RESIDUAL EQUITY TRANSFER**

The Village Council approved the transfer of \$35 from the Internal Service Fund to the General Fund on September 17, 2002. This amount represented unused funds for the financing of goods or services provided one department or agency.

**10. COMPLIANCE**

The Village did not follow Ohio law in the timely depositing of receipts received for water, sewer and Mayor's court services.



**Auditor of State  
Betty Montgomery**

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

Village of New Albany  
Franklin County  
99 West Main Street  
New Albany, Ohio 43054

To the Village Council:

We have audited the financial statements of the Village of New Albany, Franklin County, Ohio (the Village) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated June 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially effect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 9, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-002.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 9, 2004.

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

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

**Betty Montgomery**  
Auditor of State

June 9, 2004

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2003-001</b>
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**Cash Deposits**

Ohio Rev. Code Sec 9.38 states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

During testing we found that 62% of sewer permit receipts, 58% of water permit receipts, 27% of mayor's court receipts, 5% of building escrow receipts, 3% of engineering inspection fees, and 50% of other building and zoning receipts [public money] were either not deposited to the treasury or not deposited to the Village's financial institution on the business day following the day of receipt. The Village does not have a policy permitting its officials to hold receipts beyond the business day following receipt.

We recommend the Village deposit monies collected with the Treasurer of the public office and its designated depository the business day following receipt. If daily receipts are under \$1,000, the Village may implement a policy to permit the deposit of these receipts no later than the third business day following collection. However, the policy must have provisions regulating how the receipts will be secured until deposited with the Treasurer or the Village depository.

<b>FINDING NUMBER</b>	<b>2003-002</b>
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**Service Organization- Regional Income Tax Authority**

The Regional Income Tax Authority (RITA), the third-party administrator, collects income tax revenue on behalf of the Village. Collections are remitted to the Village periodically. RITA suggests that participating municipalities review the listing of new and modified participation information to ensure new participants were properly established and inclusive of the tax listing.

The Village does not review the listing provided by RITA to ensure potential taxpayers are included or any changes made are reflected in the listing.

We recommend the Village review the listing for completeness and accuracy.

**VILLAGE OF NEW ALBANY  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-001	Ohio Revised Code Section 5705.41 (B), expenditures exceeding appropriations	No	Reissued in the Management Letter.
2001-002	Lack of support documentation	No	Partially Corrected. Re-issued in the Management Letter.
2001-003	Lack of monitoring the Village budget	Yes	



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF NEW ALBANY  
FRANKLIN 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  
NOVEMBER 23, 2004**