



**Auditor of State
Betty Montgomery**

VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Enterprise Funds - For the Year Ended December 31, 2004	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Enterprise Funds - For the Year Ended December 31, 2003	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Prior Audit Findings.....	19

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**Auditor of State
Betty Montgomery**

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

January 25, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of West Alexandria, Preble County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, 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 West Alexandria, Preble County, Ohio as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

January 25, 2006

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$95,137	\$232,437		\$327,574
Special Assessments		16,355		16,355
Intergovernmental Receipts	113,306	89,946		203,252
Charges for Services		233,099		233,099
Fines, Licenses, and Permits	6,337	514		6,851
Earnings on Investments	5,245	33		5,278
Miscellaneous	5,989			5,989
	<u>226,014</u>	<u>572,384</u>	<u>0</u>	<u>798,398</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	184,495	261,996		446,491
Public Health Services	3,439			3,439
Leisure Time Activities	24,526			24,526
Community Environment	3,911			3,911
Basic Utility Services		2,217		2,217
Transportation		71,369		71,369
General Government	115,497	29,977		145,474
Debt Service:				
Principal Payments	42,000	10,432		52,432
Interest Payments	2,100	669		2,769
Financing and Other Debt-Service Related		6,741		6,741
Capital Outlay	7,780	228,748	70,801	307,329
	<u>383,748</u>	<u>612,149</u>	<u>70,801</u>	<u>1,066,698</u>
Total Cash Disbursements				
Total Receipts Under Disbursements	<u>(157,734)</u>	<u>(39,765)</u>	<u>(70,801)</u>	<u>(268,300)</u>
Other Financing Receipts and (Disbursements):				
Proceeds from Police Cruisers Loan	34,100			34,100
Proceeds from Fire Truck Loan		141,000		141,000
Proceeds from OPWC Loan			60,801	60,801
Proceeds from OWDA Loan			10,000	10,000
Transfers-In	126,000	81,500		207,500
Transfers-Out		(207,500)		(207,500)
Sale of Fixed Assets		500		500
	<u>160,100</u>	<u>15,500</u>	<u>70,801</u>	<u>246,401</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,366	(24,265)	0	(21,899)
Fund Cash Balances, January 1	53,360	320,655	1,500	375,515
Fund Cash Balances, December 31	<u>\$55,726</u>	<u>\$296,390</u>	<u>\$1,500</u>	<u>\$353,616</u>
Reserves for Encumbrances, December 31	<u>\$26,009</u>	<u>\$13,904</u>	<u>\$0</u>	<u>\$39,913</u>

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

VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

Operating Cash Receipts:	
Charges for Services	\$553,890
Miscellaneous	<u>1,250</u>
Total Operating Cash Receipts	<u>555,140</u>
Operating Cash Disbursements:	
Personal Services	142,936
Transportation	2,964
Contractual Services	198,912
Supplies and Materials	<u>83,175</u>
Total Operating Cash Disbursements	<u>427,987</u>
Operating Income	<u>127,153</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>54,508</u>
Total Non-Operating Cash Disbursements	<u>54,508</u>
Net Receipts Over Disbursements	<u>72,645</u>
Fund Cash Balances, January 1	<u>283,730</u>
Fund Cash Balances, December 31	<u><u>\$356,375</u></u>
Reserve for Encumbrances, December 31	<u><u>\$22,191</u></u>

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

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$92,108	\$236,056		\$328,164
Special Assessments		14,025		14,025
Intergovernmental Receipts	102,631	96,121	\$270,350	469,102
Charges for Services	18,283	210,352		228,635
Fines, Licenses, and Permits	6,173	359		6,532
Earnings on Investments	8,335	42		8,377
Miscellaneous	16,392	1,230		17,622
	<u>243,922</u>	<u>558,185</u>	<u>270,350</u>	<u>1,072,457</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	177,688	257,037		434,725
Public Health Services	3,439			3,439
Leisure Time Activities	42,543			42,543
Community Environment	7,975			7,975
Basic Utility Services		4,978		4,978
Transportation		84,024		84,024
General Government	111,438	24,949		136,387
Debt Service:				
Principal Payments		4,240		4,240
Interest Payments		924		924
Capital Outlay	64,310	9,567	493,938	567,815
	<u>407,393</u>	<u>385,719</u>	<u>493,938</u>	<u>1,287,050</u>
Total Receipts Over/(Under) Disbursements	<u>(163,471)</u>	<u>172,466</u>	<u>(223,588)</u>	<u>(214,593)</u>
Other Financing Receipts and (Disbursements):				
Proceeds from Police Cruisers Loan	42,000			42,000
Proceeds from Computer Controller Loan		7,539		7,539
Proceeds from OPWC Loan			201,588	201,588
Proceeds from OWDA Loan			20,000	20,000
Transfers-In	120,000	69,500		189,500
Transfers-Out		(189,500)		(189,500)
	<u>162,000</u>	<u>(112,461)</u>	<u>221,588</u>	<u>271,127</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,471)	60,005	(2,000)	56,534
Fund Cash Balances, January 1	54,831	260,650	3,500	318,981
Fund Cash Balances, December 31	<u>\$53,360</u>	<u>\$320,655</u>	<u>\$1,500</u>	<u>\$375,515</u>
Reserves for Encumbrances, December 31	<u>\$5,139</u>	<u>\$17,989</u>	<u>\$47,571</u>	<u>\$70,699</u>

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

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

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

Operating Cash Receipts:	
Charges for Services	<u>\$442,487</u>
Total Operating Cash Receipts	<u>442,487</u>
Operating Cash Disbursements:	
Personal Services	159,257
Transportation	3,764
Contractual Services	227,107
Supplies and Materials	<u>71,508</u>
Total Operating Cash Disbursements	<u>461,636</u>
Operating Loss	<u>(19,149)</u>
Non-Operating Cash Receipts:	
Proceeds from Sewage Treatment Plant Loan	<u>100,000</u>
Total Non-Operating Cash Receipts	<u>100,000</u>
Non-Operating Cash Disbursements:	
Debt Service	19,534
Other Non-Operating Cash Disbursements	<u>4,673</u>
Total Non-Operating Cash Disbursements	<u>24,207</u>
Excess of Receipts Over Disbursements	<u>56,644</u>
Fund Cash Balances, January 1	<u>227,086</u>
Fund Cash Balances, December 31	<u><u>\$283,730</u></u>
Reserve for Encumbrances, December 31	<u><u>\$45,543</u></u>

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

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of West Alexandria, Preble County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, police, fire, and ambulance services.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Deposits

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

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

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

CK24C Fund – This fund receives proceeds from an Ohio Public Works Commission loan. The proceeds are being used for the Lanier Waterline project.

Water Treatment Plant Fund – This fund receives proceeds from an Ohio Public Works Commission loan and an Ohio Water Development Authority loan. The proceeds are being used to construct a water treatment system.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

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. Village 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 WEST ALEXANDRIA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	2004	2003
Demand deposits	\$617,671	\$468,832
Certificates of deposit	92,120	190,213
Total deposits	709,791	659,045
Cash on Hand	200	200
Total deposits and cash on hand	\$709,991	\$659,245

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004, and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$348,000	\$386,114	\$38,114
Special Revenue	614,803	795,384	180,581
Capital Projects	1,079,629	70,801	(1,008,828)
Enterprise	502,000	555,140	53,140
Total	\$2,544,432	\$1,807,439	(\$736,993)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$402,880	\$409,757	(\$6,877)
Special Revenue	933,938	833,553	100,385
Capital Projects	1,128,700	70,801	1,057,899
Enterprise	758,950	504,686	254,264
Total	\$3,224,468	\$1,818,797	\$1,405,671

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$389,128	\$405,922	\$16,794
Special Revenue	472,633	635,224	162,591
Capital Projects	1,580,508	491,938	(1,088,570)
Enterprise	531,760	542,487	10,727
Total	\$2,974,029	\$2,075,571	(\$898,458)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$443,958	\$412,532	\$31,426
Special Revenue	733,074	593,208	139,866
Capital Projects	1,580,508	541,509	1,038,999
Enterprise	758,846	531,386	227,460
Total	\$3,516,386	\$2,078,635	\$1,437,751

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. LOCAL INCOME TAX

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

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

Per Village Ordinance 479 the allocation of income tax funds for the purpose of general operations, maintenance, new equipment, extension and enlargement of municipal services and facilities, and capital improvements, shall be determined by Council. Transfers of income tax monies to other funds are approved via Council resolution.

6. DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #3324	\$17,500	0.00%
Ohio Water Development Authority Loan #1964	2,177	7.84%
Ohio Water Development Authority Loan #3436	30,000	0.00%
Ohio Water Development Authority Loan #3997	10,000	0.00%
Ohio Public Works Commission Loan CK24C	31,896	0.00%
Ohio Public Works Commission Loan CK09E	259,032	0.00%
Sewer Improvement Loan	69,025	4.00%
Police Cruisers Loan	34,100	5.00%
Fire Truck Loan	141,000	3.20%
Case Backhoe Lease	12,125	4.75%
Case Skid Loader Lease	6,234	5.00%
Total	<u><u>\$613,089</u></u>	

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. DEBT (Continued)

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

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

The Ohio Water Development Authority (OWDA) Loan #3436 for \$50,000 was obtained in 2001 for the design of a water system. As of December 31, 2004, the Village has drawn \$40,000 of the available loan monies. The loan is being repaid in annual installments of \$5,000 over 10 years. The first payment was made in 2003. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan #3997 for \$25,000 was obtained in 2003 for the design of a wastewater system. As of December 31, 2004, the Village has drawn \$10,000 of the available loan monies. The loan is to be repaid in annual installments of \$2,500 over 10 years. The first payment is due in 2006. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. .

The Village was awarded \$33,575 by the Ohio Public Works Commission (OPWC) on July 7, 1999, for the Lanier waterline and booster pump project (CK24C). As of December 31, 2004, the Village had drawn all of the available loan monies. The loan is being repaid in semi-annual installments of \$839.38 over 20 years. The first payment was made in 2004. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village was awarded \$272,000 by the Ohio Public Works Commission (OPWC) on July 1, 2001, for the Lanier waterline and booster pump project (CK09E). As of December 31, 2004, the Village has drawn \$259,032 of the available loan monies. The loan will be repaid in semi-annual installments of \$6,800 over a period of 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village obtained a commercial loan in 2003 for \$100,000. The loan proceeds were used to finance improvements to the sewer system. The loan is being repaid in annual installments of \$22,498, including interest, over 5 years. This loan is unsecured.

The Village obtained a commercial loan in 2003 for \$42,000. The loan proceeds were used to purchase two police cruisers. A maturity payment of \$44,100, including interest, was due on April 8, 2004. The Village renewed the loan for \$34,100 on this same date. A maturity payment of \$35,805, including interest, was due on April 9, 2005. The loan is unsecured.

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. DEBT (Continued)

The Village obtained a commercial loan in 2004 for \$141,000. The loan proceeds were used to purchase a fire truck. A maturity payment of \$145,623, including interest, was due on June 18, 2005. The Village renewed the loan for \$123,595 on this same date. The loan is collateralized by the fire truck.

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

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

Amortization of the above debt (including amounts not drawn by the Village at December 31, 2004), including interest, follows:

Year ending December 31:	OWDA Loan #3324	OWDA Loan #1964	OWDA Loan #3436	OWDA Loan #3997
2005	\$2,500	\$2,348	\$5,000	
2006	2,500		5,000	2,500
2007	2,500		5,000	2,500
2008	2,500		5,000	2,500
2009	2,500		5,000	2,500
2010 - 2014	5,000		15,000	12,500
2015 - 2019				2,500
Total	<u>\$17,500</u>	<u>\$2,348</u>	<u>\$40,000</u>	<u>\$25,000</u>

Year ending December 31:	OPWC CK24C	OPWC CK09E	Sewer Improvement Loan	Police Cruisers Loan
2005	\$2,518	\$13,600	\$22,498	\$35,805
2006	1,679	13,600	22,498	
2007	1,679	13,600	22,498	
2008	1,679	13,600	7,524	
2009	1,679	13,600		
2010 - 2014	8,395	68,000		
2015 - 2019	8,395	68,000		
2020 - 2024	5,872	68,000		
Total	<u>\$31,896</u>	<u>\$272,000</u>	<u>\$75,018</u>	<u>\$35,805</u>

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. DEBT (Continued)

Year ending December 31:	Fire Truck Loan	Case Backhoe Lease	Case Skid Loader Lease
2005	\$145,623	\$6,497	\$3,314
2006		6,497	3,314
2007		1	1
2008			
2009			
2010 - 2014			
Total	\$145,623	\$12,995	\$6,629

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

9. SUBSEQUENT EVENTS

The Village was awarded an Ohio Water Development Authority Loan for \$2,037,653 on December 15, 2005. The loan proceeds are to be used for wastewater treatment plant improvements. As of January 25, 2006, the Village has drawn down \$67,713 of the loan.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Village Council:

We have audited the financial statements of the Village of West Alexandria, Preble County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 25, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated January 25, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated January 25, 2006, we reported other matters related to noncompliance we deemed immaterial.

Village of West Alexandria
Preble County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for 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

January 25, 2006

**VILLAGE OF WEST ALEXANDRIA
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-30368-001	Revised Code § 5705.09(F), failure to establish a special fund and record on-behalf monies	Yes	



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

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VILLAGE OF WEST ALEXANDRIA

PREBLE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 9, 2006**