

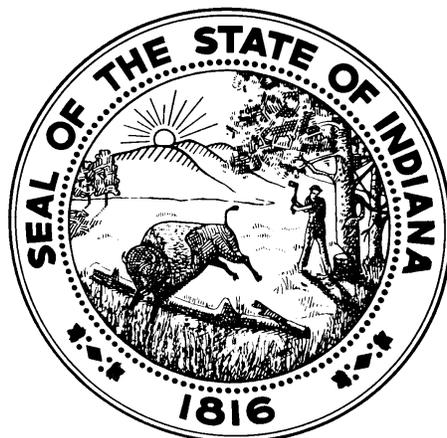
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2008

CITY OF ALEXANDRIA

MADISON COUNTY, INDIANA



FILED

07/16/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet M. Lynch	01-01-08 to 12-31-11
Judge	Hon. Brandy M. Goodman	01-01-08 to 12-31-11
Mayor	Hon. John D. Woods	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Hon. John D. Woods	01-01-08 to 12-31-11
President of the Common Council	John Dockrey P. Eric Schmidt	01-01-08 to 12-31-08 01-01-09 to 12-31-09
Superintendent of Water Utility	Mark Caldwell	01-01-08 to 12-31-09
Superintendent of Wastewater Utility	Roger D. Thomas	01-01-08 to 12-31-09



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF ALEXANDRIA, MADISON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alexandria (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2008, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 4, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress and Schedule of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 4, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF ALEXANDRIA, MADISON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alexandria (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in items 2008-1 and 2008-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management in a separate letter dated June 4, 2009.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the Common Council, the Board of Public Works and Safety, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 4, 2009

CITY OF ALEXANDRIA
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 1,093,080	\$ 29,168	\$ -	\$ -	\$ (1,063,912)	\$ -	\$ (1,063,912)
Public safety	2,134,890	179,506	5,193	7,030	(1,943,161)	-	(1,943,161)
Highways and streets	397,777	150	173,661	56,744	(167,222)	-	(167,222)
Sanitation	460,391	184,559	-	-	(275,832)	-	(275,832)
Health and welfare	21,221	36,030	-	-	14,809	-	14,809
Economic development	3,786	-	-	-	(3,786)	-	(3,786)
Culture and recreation	114,364	21,098	-	-	(93,266)	-	(93,266)
Principal and interest on indebtedness	15,940	-	-	-	(15,940)	-	(15,940)
Total governmental activities	4,241,449	450,511	178,854	63,774	(3,548,310)	-	(3,548,310)
Business-type activities:							
Wastewater Utility	2,858,897	1,109,641	-	-	-	(1,749,256)	(1,749,256)
Water Utility	569,458	651,616	-	-	-	82,158	82,158
Total business-type activities	3,428,355	1,761,257	-	-	-	(1,667,098)	(1,667,098)
Total primary government	\$ 7,669,804	\$ 2,211,768	\$ 178,854	\$ 63,774	(3,548,310)	(1,667,098)	(5,215,408)
General receipts:							
Property taxes					2,248,495	-	2,248,495
Intergovernmental					1,214,445	-	1,214,445
Other local sources					45,436	6,483	51,919
Net proceeds from borrowings					105,700	5,078,884	5,184,584
Grants and contributions not restricted to specific programs					59,967	-	59,967
Investment earnings					18,897	187,759	206,656
Total general receipts					3,692,940	5,273,126	8,966,066
Change in net assets					144,630	3,606,028	3,750,658
Net assets - beginning, as restated (Note III.B.)					1,253,808	284,589	1,538,397
Net assets - ending					\$ 1,398,438	\$ 3,890,617	\$ 5,289,055
<u>Assets</u>							
Cash and investments					\$ 758,381	\$ 3,890,617	\$ 4,648,998
Restricted assets:							
Cash and investments					640,057	-	640,057
Total assets					\$ 1,398,438	\$ 3,890,617	\$ 5,289,055
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 562,603	\$ -	\$ 562,603
Culture and recreation					4,802	-	4,802
Capital outlay					72,652	-	72,652
Unrestricted					758,381	3,890,617	4,648,998
Total net assets					\$ 1,398,438	\$ 3,890,617	\$ 5,289,055

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

CITY OF ALEXANDRIA
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2008

	General	Motor Vehicle Highway	Local Road and Street	Economic Development Food and Beverage	Storm Water Management	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 1,775,899	\$ 167,517	\$ -	\$ -	\$ 158,232	\$ 146,847	\$ 2,248,495
Licenses and permits	3,605	-	-	-	-	-	3,605
Intergovernmental	1,012,153	197,488	56,744	80,000	18,713	91,975	1,457,073
Charges for services	188,066	150	-	-	-	242,933	431,149
Fines and forfeits	20,506	-	-	-	-	15,709	36,215
Interfund loans	-	-	-	-	-	74,000	74,000
Other	27,771	80	-	-	-	74,140	101,991
Total receipts	3,028,000	365,235	56,744	80,000	176,945	645,604	4,352,528
Disbursements:							
General government	921,712	-	-	-	-	29,450	951,162
Public safety	1,971,479	-	-	-	-	37,703	2,009,182
Highways and streets	77,349	307,548	-	-	-	-	384,897
Sanitation	56,142	-	-	-	205,047	199,202	460,391
Health and welfare	21,221	-	-	-	-	-	21,221
Economic development	-	-	-	-	-	3,786	3,786
Culture and recreation	-	-	-	-	-	108,623	108,623
Interfund loans	74,000	-	-	-	-	-	74,000
Debt service:							
Principal	-	-	-	-	-	15,940	15,940
Capital outlay:							
General government	13,612	-	-	-	-	128,306	141,918
Public safety	7,650	-	-	-	-	118,058	125,708
Highways and streets	-	12,880	-	-	-	-	12,880
Culture and recreation	-	-	-	-	-	5,741	5,741
Total disbursements	3,143,165	320,428	-	-	205,047	646,809	4,315,449
Excess (deficiency) of receipts over disbursements	(115,165)	44,807	56,744	80,000	(28,102)	(1,205)	37,079
Other financing sources (uses):							
Net proceeds from borrowings	-	-	-	-	-	105,700	105,700
Other receipts	12,689	-	-	-	3,771	5,849	22,309
Total other financing sources (uses)	12,689	-	-	-	3,771	111,549	128,009
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(102,476)	44,807	56,744	80,000	(24,331)	110,344	165,088
Cash and investment fund balance - beginning	276,834	348,295	112,757	60,349	170,426	220,256	1,188,917
Cash and investment fund balance - ending	\$ 174,358	\$ 393,102	\$ 169,501	\$ 140,349	\$ 146,095	\$ 330,600	1,354,005
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:							
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							44,433
Net assets of governmental activities							<u>\$ 1,398,438</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 174,358	\$ -	\$ -	\$ 140,349	\$ 146,095	\$ 253,146	\$ 713,948
Restricted assets:							
Cash and investments	-	393,102	169,501	-	-	77,454	640,057
Total cash and investment assets - ending	\$ 174,358	\$ 393,102	\$ 169,501	\$ 140,349	\$ 146,095	\$ 330,600	\$ 1,354,005
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ -	\$ 393,102	\$ 169,501	\$ -	\$ -	\$ -	\$ 562,603
Culture and recreation	-	-	-	-	-	4,802	4,802
Capital outlay	-	-	-	-	-	72,652	72,652
Unrestricted	174,358	-	-	140,349	146,095	253,146	713,948
Total cash and investment fund balance - ending	\$ 174,358	\$ 393,102	\$ 169,501	\$ 140,349	\$ 146,095	\$ 330,600	\$ 1,354,005

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

CITY OF ALEXANDRIA
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2008

	Wastewater Utility	Water Utility	Totals	Internal Service Fund
Operating receipts:				
Unmetered/flat rate	\$ -	\$ 7,594	\$ 7,594	\$ -
Metered/measured	1,069,026	480,413	1,549,439	-
Fire protection receipts	-	138,252	138,252	-
Insurance proceeds	-	-	-	509,120
Miscellaneous	40,615	25,357	65,972	-
Total operating receipts	1,109,641	651,616	1,761,257	509,120
Operating disbursements:				
Salaries and wages	214,835	229,263	444,098	-
Employee pensions and benefits	127,163	89,345	216,508	-
Sludge removal	122,871	-	122,871	-
Purchased power	62,216	41,830	104,046	-
Chemicals	1,789	2,338	4,127	-
Material and supplies	89,545	75,355	164,900	-
Contractual services	202,324	70,998	273,322	-
Rents	500	500	1,000	-
Transportation	9,430	7,207	16,637	-
Insurance claims and expense	-	-	-	531,508
Refunds	-	14,045	14,045	-
Equipment and capital improvements	1,970,113	6,164	1,976,277	-
Miscellaneous	9,135	32,413	41,548	-
Total operating disbursements	2,809,921	569,458	3,379,379	531,508
Excess (deficiency) of operating receipts over operating disbursements	(1,700,280)	82,158	(1,618,122)	(22,388)
Nonoperating receipts (disbursements):				
Investment income	185,820	1,939	187,759	1,930
Net proceeds from borrowings	5,078,884	-	5,078,884	-
Refunds	3,579	2,904	6,483	-
Interest and investment disbursement	(48,976)	-	(48,976)	-
Total nonoperating receipts (disbursements)	5,219,307	4,843	5,224,150	1,930
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	3,519,027	87,001	3,606,028	(20,458)
Cash and investment fund balance - beginning, as restated (Note III.B.)	192,954	91,635	284,589	64,891
Cash and investment fund balance - ending	<u>\$ 3,711,981</u>	<u>\$ 178,636</u>	<u>\$ 3,890,617</u>	<u>\$ 44,433</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	<u>\$ 3,711,981</u>	<u>\$ 178,636</u>	<u>\$ 3,890,617</u>	<u>\$ 44,433</u>
Total cash and investment assets - December 31	<u>\$ 3,711,981</u>	<u>\$ 178,636</u>	<u>\$ 3,890,617</u>	<u>\$ 44,433</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Unrestricted	<u>\$ 3,711,981</u>	<u>\$ 178,636</u>	<u>\$ 3,890,617</u>	<u>\$ 44,433</u>
Total cash and investment fund balance - December 31	<u>\$ 3,711,981</u>	<u>\$ 178,636</u>	<u>\$ 3,890,617</u>	<u>\$ 44,433</u>

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

CITY OF ALEXANDRIA
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 122,693	
State	203,215	
Total contributions	325,908	
Investment earnings:		
Interest	24,935	
Total additions	350,843	
Deductions:		
Benefits	360,543	
Administrative and general	1,938	
Total deductions	362,481	
Excess (deficiency) of total additions over total deductions	(11,638)	
Cash and investment fund balance - beginning	328,715	
Cash and investment fund balance - ending	\$ 317,077	\$ 80,200

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

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), health and social services, culture and recreation, general administrative services, water, and wastewater.

The City's financial reporting entity is composed of the following:

Primary Government: City of Alexandria, Including
Wastewater and Water Utility, and City Court

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is used to account for receipts from property taxes levied and state motor vehicle highway distributions. The principal use of this fund is the construction and maintenance of street and alleys. A limited amount of the funds received can also be used for law enforcement purposes.

The local road and street fund is used to account for state gasoline tax distributions. This fund is used for various costs related to the acquisition and maintenance of local roads.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The economic development food and beverage fund is used to account for money received from Madison County which is provided as a result of the food and beverage tax enacted by the county. The City uses this fund to account for disbursements for various projects approved by the county.

The storm water management fund is used to account for receipts from property taxes levied and disbursements for the operation and maintenance of the storm sewers.

The City reports the following major proprietary funds:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The water utility fund accounts for the operation of the water distribution system.

Additionally, the City reports the following fund types:

The internal service fund accounts for health insurance coverage provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police officers' and 1937 firefighters' pension funds, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for private organizations and other governments and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City and Utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- 3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2008, the City had deposit balances in the amount of \$5,683,398.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Restatements and Reclassifications

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City of Alexandria. The following schedule presents a summary of restated beginning balances by opinion unit. New Funds represents the inclusion of existing funds which were not presented in the prior report.

Opinion Unit	Balance as Reported December 31, 2007	New Funds	Balance as Restated January 1, 2008
Internal Service Fund	\$ -	\$ 64,891	\$ 64,891

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents (Excluding Postemployment Benefits)

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Health Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$25,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Subsequent Events

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Firefighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Officers'

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Pension Fund, the 1937 Firefighters' Pension Fund, and the 1953 Police Officers' Pension Fund. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

C. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City with at least 25 years of service. Currently, three retirees meet these eligibility requirements. The City provides 100% of the health insurance postemployment benefits until the retiree qualifies for Medicare. After the age of 65, the retiree may join the City's group plan for Medicare supplemental insurance by paying 100% of the premiums. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2008, disbursements of \$6,993 were recognized for postemployment benefits.

D. Rate Structure – Enterprise Funds

Water Utility

On June 7, 2004, the City Council adopted Ordinance 1469 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on September 4, 2007.

Wastewater Utility

The current rate structure was approved by the City Council on March 3, 2008.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 66,124	\$ 177,500	\$ 160,400
Interest on net pension obligation	1,762	41,200	50,900
Adjustment to annual required contribution	(2,008)	(51,200)	(63,200)
Annual pension cost	65,878	167,500	148,100
Contributions made	66,585	202,910	153,852
Increase (decrease) in net pension obligation	(707)	(35,410)	(5,752)
Net pension obligation, beginning of year	24,304	686,888	847,999
Net pension obligation, end of year	<u>\$ 23,597</u>	<u>\$ 651,478</u>	<u>\$ 842,247</u>

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	8.50%	NA	NA
Plan members	3%	6%	6%
Actuarial valuation date	07-01-07	01-01-08	01-01-08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years
Amortization period	30 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

N/A = Not available

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 61,258	106%	\$ 10,130
	06-30-06	75,670	81%	24,304
	06-30-07	65,878	101%	23,597
1925 Police Officers' Pension Plan	12-31-05	163,300	111%	713,009
	12-31-06	162,400	116%	686,888
	12-31-07	167,500	121%	651,478
1937 Firefighters' Pension Plan	12-31-05	148,200	96%	848,350
	12-31-06	147,100	100%	847,999
	12-31-07	148,100	104%	842,247

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2008, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	12	9

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$184,315, \$184,705, and \$177,605, respectively, equal to the required contributions for each year.

CITY OF ALEXANDRIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 912,333	\$ 1,297,892	\$ (385,559)	70%	\$ 922,332	(42%)
07-01-06	1,132,005	1,343,319	(211,314)	84%	909,928	(23%)
07-01-07	1,312,046	1,576,977	(264,931)	83%	977,034	(27%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 198,163	\$ 2,622,700	\$ (2,424,537)	8%	\$ -	N/A
01-01-03	221,969	2,538,600	(2,316,631)	9%	-	N/A
01-01-04	203,855	2,549,000	(2,345,145)	8%	-	N/A
01-01-05	210,155	2,444,400	(2,234,245)	9%	-	N/A
01-01-06	209,475	2,406,900	(2,197,425)	9%	-	N/A
01-01-07	238,232	2,448,100	(2,209,868)	10%	-	N/A

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 130,004	\$ 2,328,700	\$ (2,198,696)	6%	\$ -	N/A
01-01-03	159,513	1,455,600	(1,296,087)	11%	62,000	(2,090%)
01-01-04	136,893	2,289,700	(2,152,807)	6%	-	N/A
01-01-05	140,290	2,250,000	(2,109,710)	6%	-	N/A
01-01-06	164,820	2,218,600	(2,053,780)	7%	-	N/A
01-01-07	180,743	2,211,700	(2,030,957)	8%	-	N/A

N/A = Not applicable

CITY OF ALEXANDRIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan				
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-02	\$ 274,500	72%	0%
	12-31-03	276,900	58%	0%
	12-31-04	291,200	64%	0%
	12-31-05	172,500	105%	0%
	12-31-06	172,100	110%	0%
	12-31-07	177,500	114%	0%
1937 Firefighters' Pension Plan	12-31-02	\$ 243,700	69%	0%
	12-31-03	253,300	50%	0%
	12-31-04	261,700	56%	0%
	12-31-05	158,800	90%	0%
	12-31-06	158,600	93%	0%
	12-31-07	160,400	96%	0%

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008

	Park Nonreverting Operating	Probation Department	Donations Fund	Local Police Continuing Education	Riverboat Wagering Tax Revenue	Park	Park Donation
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,026	\$ -
Intergovernmental	-	-	-	-	39,269	12,869	-
Charges for services	4,074	-	-	5,088	-	17,024	-
Fines and forfeits	-	7,760	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	100	-	-	7,330	-
Total receipts	4,074	7,760	100	5,088	39,269	142,249	-
Disbursements:							
General government	-	-	100	-	-	-	-
Public safety	-	5,688	-	6,200	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	335	-	-	-	-	106,843	-
Debt service:							
Principal	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	1,899	-	-
Public safety	-	30	-	1,500	-	-	-
Culture and recreation	5,000	-	-	-	-	741	-
Total disbursements	5,335	5,718	100	7,700	1,899	107,584	-
Excess (deficiency) of receipts over disbursements	(1,261)	2,042	-	(2,612)	37,370	34,665	-
Other financing sources (uses):							
Net proceeds from borrowings	-	-	-	-	-	-	-
Other receipts	-	500	-	-	-	5,062	-
Total other financing sources (uses)	-	500	-	-	-	5,062	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,261)	2,542	-	(2,612)	37,370	39,727	-
Cash and investment fund balance - beginning	6,063	-	597	6,478	17,974	43,496	1,652
Cash and investment fund balance - ending	<u>\$ 4,802</u>	<u>\$ 2,542</u>	<u>\$ 597</u>	<u>\$ 3,866</u>	<u>\$ 55,344</u>	<u>\$ 83,223</u>	<u>\$ 1,652</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 2,542	\$ 597	\$ 3,866	\$ 55,344	\$ 83,223	\$ 1,652
Restricted assets:							
Cash and investments	4,802	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,802	\$ 2,542	\$ 597	\$ 3,866	\$ 55,344	\$ 83,223	\$ 1,652
Cash and Investment Fund Balance - Ending							
Restricted for:							
Culture and recreation	\$ 4,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	2,542	597	3,866	55,344	83,223	1,652
Total cash and investment fund balance - ending	\$ 4,802	\$ 2,542	\$ 597	\$ 3,866	\$ 55,344	\$ 83,223	\$ 1,652

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Rainy Day Fund	Hazardous Waste Clean-Up	Trash Fund	Court Equipment Donation	Agressive Driving Grant	ALS Donation Fund	Tax Abatement
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,450	-	-	-	893	-	-
Charges for services	-	3,835	184,496	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	200
Interfund loans	74,000	-	-	-	-	-	-
Other	404	-	-	-	-	100	-
Total receipts	78,854	3,835	184,496	-	893	100	200
Disbursements:							
General government	-	-	-	-	-	160	786
Public safety	-	3,999	-	-	804	-	-
Sanitation	-	-	199,202	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Capital outlay:							
General government	73,788	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	73,788	3,999	199,202	-	804	160	786
Excess (deficiency) of receipts over disbursements	5,066	(164)	(14,706)	-	89	(60)	(586)
Other financing sources (uses):							
Net proceeds from borrowings	-	-	-	-	-	-	-
Other receipts	-	-	287	-	-	-	-
Total other financing sources (uses)	-	-	287	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,066	(164)	(14,419)	-	89	(60)	(586)
Cash and investment fund balance - beginning	1,182	15,127	22,268	149	-	1,957	2,274
Cash and investment fund balance - ending	<u>\$ 6,248</u>	<u>\$ 14,963</u>	<u>\$ 7,849</u>	<u>\$ 149</u>	<u>\$ 89</u>	<u>\$ 1,897</u>	<u>\$ 1,688</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 6,248	\$ 14,963	\$ 7,849	\$ 149	\$ 89	\$ 1,897	\$ 1,688
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 6,248</u>	<u>\$ 14,963</u>	<u>\$ 7,849</u>	<u>\$ 149</u>	<u>\$ 89</u>	<u>\$ 1,897</u>	<u>\$ 1,688</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-	-
Unrestricted	6,248	14,963	7,849	149	89	1,897	1,688
Total cash and investment fund balance - ending	<u>\$ 6,248</u>	<u>\$ 14,963</u>	<u>\$ 7,849</u>	<u>\$ 149</u>	<u>\$ 89</u>	<u>\$ 1,897</u>	<u>\$ 1,688</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	1999 State Fire Grant	Emery Lee Building Donation Fund	Mayor's Youth Commission	Court Nonreverting Fund	Ambulance Donation	Alex Reserve Police Nonreverting	FEMA Buy-Out Project 2005
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	4,277	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	290	-	-
Total receipts	-	-	-	4,277	290	-	-
Disbursements:							
General government	-	-	193	60	-	-	-
Public safety	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	-	193	60	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	(193)	4,217	290	-	-
Other financing sources (uses):							
Net proceeds from borrowings	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(193)	4,217	290	-	-
Cash and investment fund balance - beginning	410	698	274	1,542	452	178	2,765
Cash and investment fund balance - ending	<u>\$ 410</u>	<u>\$ 698</u>	<u>\$ 81</u>	<u>\$ 5,759</u>	<u>\$ 742</u>	<u>\$ 178</u>	<u>\$ 2,765</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 410	\$ 698	\$ 81	\$ 5,759	\$ 742	\$ 178	\$ 2,765
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 410</u>	<u>\$ 698</u>	<u>\$ 81</u>	<u>\$ 5,759</u>	<u>\$ 742</u>	<u>\$ 178</u>	<u>\$ 2,765</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-	-
Unrestricted	410	698	81	5,759	742	178	2,765
Total cash and investment fund balance - ending	<u>\$ 410</u>	<u>\$ 698</u>	<u>\$ 81</u>	<u>\$ 5,759</u>	<u>\$ 742</u>	<u>\$ 178</u>	<u>\$ 2,765</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Yard Waste Management Grant 97	Animal Shelter Donation Fund	Police Car Restoration Donation	FEMA Fire Grant 2004	State Farm Safe Neighbors Grant	Community Foundation ALS Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,000	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	1,825	1,500	-	750	-
Total receipts	-	1,825	1,500	1,000	750	-
Disbursements:						
General government	-	-	-	-	-	110
Public safety	-	322	-	-	271	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	1,500	-	-	290	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	1,822	-	-	561	110
Excess (deficiency) of receipts over disbursements	-	3	1,500	1,000	189	(110)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	3	1,500	1,000	189	(110)
Cash and investment fund balance - beginning	253	-	2,150	-	-	1,615
Cash and investment fund balance - ending	<u>\$ 253</u>	<u>\$ 3</u>	<u>\$ 3,650</u>	<u>\$ 1,000</u>	<u>\$ 189</u>	<u>\$ 1,505</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 253	\$ 3	\$ 3,650	\$ 1,000	\$ 189	\$ 1,505
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 253</u>	<u>\$ 3</u>	<u>\$ 3,650</u>	<u>\$ 1,000</u>	<u>\$ 189</u>	<u>\$ 1,505</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	253	3	3,650	1,000	189	1,505
Total cash and investment fund balance - ending	<u>\$ 253</u>	<u>\$ 3</u>	<u>\$ 3,650</u>	<u>\$ 1,000</u>	<u>\$ 189</u>	<u>\$ 1,505</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Clerk's Document Fee	Dive Team Donation	Economic Development Project (EDIT)	Police Pull-Over Grant	Police Equipment Donation	New Ambulance Fund
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	5,037	3,300	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	748	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	7,488	-	-	11,038	-
Total receipts	748	7,488	5,037	3,300	11,038	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	375	1,481	-	2,601	2,180	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	3,786	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	4,200	-	-	691	105,700
Culture and recreation	-	-	-	-	-	-
Total disbursements	375	5,681	3,786	2,601	2,871	105,700
Excess (deficiency) of receipts over disbursements	373	1,807	1,251	699	8,167	(105,700)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	105,700
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	105,700
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	373	1,807	1,251	699	8,167	-
Cash and investment fund balance - beginning	1,520	-	99	-	1,634	-
Cash and investment fund balance - ending	<u>\$ 1,893</u>	<u>\$ 1,807</u>	<u>\$ 1,350</u>	<u>\$ 699</u>	<u>\$ 9,801</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,893	\$ 1,807	\$ 1,350	\$ 699	\$ 9,801	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,893</u>	<u>\$ 1,807</u>	<u>\$ 1,350</u>	<u>\$ 699</u>	<u>\$ 9,801</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	1,893	1,807	1,350	699	9,801	-
Total cash and investment fund balance - ending	<u>\$ 1,893</u>	<u>\$ 1,807</u>	<u>\$ 1,350</u>	<u>\$ 699</u>	<u>\$ 9,801</u>	<u>\$ -</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Bramel Ditch Project	Lincoln Heights Project	MVH Donation	Fire Copy	Drug Recovery Fund	Ordinance Violations Fund
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	10	-	-
Fines and forfeits	-	-	-	-	-	2,724
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	10	-	2,724
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	270
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	3,500
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	3,770
Excess (deficiency) of receipts over disbursements	-	-	-	10	-	(1,046)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	10	-	(1,046)
Cash and investment fund balance - beginning	250	17	100	109	1,334	2,141
Cash and investment fund balance - ending	<u>\$ 250</u>	<u>\$ 17</u>	<u>\$ 100</u>	<u>\$ 119</u>	<u>\$ 1,334</u>	<u>\$ 1,095</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 250	\$ 17	\$ 100	\$ 119	\$ 1,334	\$ 1,095
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 250</u>	<u>\$ 17</u>	<u>\$ 100</u>	<u>\$ 119</u>	<u>\$ 1,334</u>	<u>\$ 1,095</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	250	17	100	119	1,334	1,095
Total cash and investment fund balance - ending	<u>\$ 250</u>	<u>\$ 17</u>	<u>\$ 100</u>	<u>\$ 119</u>	<u>\$ 1,334</u>	<u>\$ 1,095</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Police K-9 Donation Fund	Bike Donation	Defib Donation (05)	Harrison Street Tree Donation Project	Fire Nonreverting Fund	Federal Cops Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	28,406	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	12,923	1,500	928	21,025	-	-
Total receipts	12,923	1,500	928	21,025	28,406	-
Disbursements:						
General government	-	290	-	15,069	-	-
Public safety	10,380	-	332	-	2,715	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Capital outlay:						
General government	-	1,033	-	-	-	-
Public safety	-	-	647	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	10,380	1,323	979	15,069	2,715	-
Excess (deficiency) of receipts over disbursements	2,543	177	(51)	5,956	25,691	-
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,543	177	(51)	5,956	25,691	-
Cash and investment fund balance - beginning	-	-	60	-	-	760
Cash and investment fund balance - ending	<u>\$ 2,543</u>	<u>\$ 177</u>	<u>\$ 9</u>	<u>\$ 5,956</u>	<u>\$ 25,691</u>	<u>\$ 760</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,543	\$ 177	\$ 9	\$ 5,956	\$ 25,691	\$ 760
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 2,543	\$ 177	\$ 9	\$ 5,956	\$ 25,691	\$ 760
Cash and Investment Fund Balance - Ending						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	2,543	177	9	5,956	25,691	760
Total cash and investment fund balance - ending	\$ 2,543	\$ 177	\$ 9	\$ 5,956	\$ 25,691	\$ 760

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Fire And Rescue Donation	Park Tree Fund	Emery Lee Security Deposits	Cumulative Capital Development	Cumulative Capital Improvement	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 41,821	\$ -	\$ 146,847
Intergovernmental	-	-	-	4,799	20,358	91,975
Charges for services	-	-	-	-	-	242,933
Fines and forfeits	-	-	-	-	-	15,709
Interfund loans	-	-	-	-	-	74,000
Other	-	500	5,270	1,169	-	74,140
	<u>-</u>	<u>500</u>	<u>5,270</u>	<u>1,169</u>	<u>-</u>	<u>74,140</u>
Total receipts	<u>-</u>	<u>500</u>	<u>5,270</u>	<u>47,789</u>	<u>20,358</u>	<u>645,604</u>
Disbursements:						
General government	-	-	5,500	697	6,485	29,450
Public safety	85	-	-	-	-	37,703
Sanitation	-	-	-	-	-	199,202
Economic development	-	-	-	-	-	3,786
Culture and recreation	-	1,445	-	-	-	108,623
Debt service:						
Principal	-	-	-	15,940	-	15,940
Capital outlay:						
General government	-	-	-	30,000	21,586	128,306
Public safety	-	-	-	-	-	118,058
Culture and recreation	-	-	-	-	-	5,741
	<u>85</u>	<u>1,445</u>	<u>5,500</u>	<u>46,637</u>	<u>28,071</u>	<u>646,809</u>
Total disbursements	<u>85</u>	<u>1,445</u>	<u>5,500</u>	<u>46,637</u>	<u>28,071</u>	<u>646,809</u>
Excess (deficiency) of receipts over disbursements	<u>(85)</u>	<u>(945)</u>	<u>(230)</u>	<u>1,152</u>	<u>(7,713)</u>	<u>(1,205)</u>
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	105,700
Other receipts	-	-	-	-	-	5,849
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,549</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,549</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(85)</u>	<u>(945)</u>	<u>(230)</u>	<u>1,152</u>	<u>(7,713)</u>	<u>110,344</u>
Cash and investment fund balance - beginning	<u>471</u>	<u>1,969</u>	<u>1,025</u>	<u>47,305</u>	<u>31,908</u>	<u>220,256</u>
Cash and investment fund balance - ending	<u>\$ 386</u>	<u>\$ 1,024</u>	<u>\$ 795</u>	<u>\$ 48,457</u>	<u>\$ 24,195</u>	<u>\$ 330,600</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 386	\$ 1,024	\$ 795	\$ -	\$ -	\$ 253,146
Restricted assets:						
Cash and investments	-	-	-	48,457	24,195	77,454
	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,457</u>	<u>24,195</u>	<u>77,454</u>
Total cash and investment assets - ending	<u>\$ 386</u>	<u>\$ 1,024</u>	<u>\$ 795</u>	<u>\$ 48,457</u>	<u>\$ 24,195</u>	<u>\$ 330,600</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,802
Capital outlay	-	-	-	48,457	24,195	72,652
Unrestricted	<u>386</u>	<u>1,024</u>	<u>795</u>	<u>-</u>	<u>-</u>	<u>253,146</u>
Total cash and investment fund balance - ending	<u>\$ 386</u>	<u>\$ 1,024</u>	<u>\$ 795</u>	<u>\$ 48,457</u>	<u>\$ 24,195</u>	<u>\$ 330,600</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2008

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	66,295	56,398	122,693
State	<u>116,741</u>	<u>86,474</u>	<u>203,215</u>
 Total contributions	 <u>183,036</u>	 <u>142,872</u>	 <u>325,908</u>
Investment receipts:			
Interest	<u>12,032</u>	<u>12,903</u>	<u>24,935</u>
 Net investment receipts	 <u>12,032</u>	 <u>12,903</u>	 <u>24,935</u>
 Total additions	 <u>195,068</u>	 <u>155,775</u>	 <u>350,843</u>
Deductions:			
Benefits	202,477	158,066	360,543
Administrative and general	<u>969</u>	<u>969</u>	<u>1,938</u>
 Total deductions	 <u>203,446</u>	 <u>159,035</u>	 <u>362,481</u>
 Excess (deficiency) of total additions over total deductions	 (8,378)	 (3,260)	 (11,638)
 Cash and investment fund balance - beginning	 <u>187,191</u>	 <u>141,524</u>	 <u>328,715</u>
 Cash and investment fund balance - ending	 <u>\$ 178,813</u>	 <u>\$ 138,264</u>	 <u>\$ 317,077</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	<u>City Court Fees Due County</u>	<u>Payroll</u>	<u>User Fee Law Enforcement Cont Ed Fund</u>	<u>Alexandria Insurance</u>	<u>Summitville O.V. Fines</u>	<u>Orestes Court Ordinance Fees</u>	<u>City Court</u>	<u>Totals</u>
Cash and investment fund balance - ending	<u>\$ 740</u>	<u>\$ 22,177</u>	<u>\$ 12,704</u>	<u>\$ 14,597</u>	<u>\$ 233</u>	<u>\$ 293</u>	<u>\$ 29,456</u>	<u>\$ 80,200</u>

CITY OF ALEXANDRIA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 105,700	\$ 23,793
Total governmental activities debt	<u>\$ 105,700</u>	<u>\$ 23,793</u>
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
2006A	400,000	27,484
2008	5,045,000	92,000
Total Wastewater Utility	<u>5,445,000</u>	<u>119,484</u>
Total business-type activities debt:	<u>\$ 5,445,000</u>	<u>\$ 119,484</u>

CITY OF ALEXANDRIA
OTHER REPORT

The annual financial report presented herein was prepared in addition to another official report prepared for the individual City office listed below:

City Court

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

We noted several deficiencies in the internal control system of the City related to financial transactions and financial reporting that were considered to be material weaknesses.

1. The City has an agreement with a third party administrator to pay insurance claims for the City. The City maintains a bank account which the administrator has access to in order to pay the insurance claims. The City receives monthly bank statements on this account, but no reconciliation of the account is performed. Additionally, no records are maintained by the City on the activity of this fund. The fund is not included in the City's ledger, and no supplemental ledger is maintained. By the lack of oversight over this fund, the City could allow fraud or errors to occur in this fund.
2. A deficiency exists with the handling of the State Revolving Loan Fund (SRF). Several bank accounts are maintained for accounting of funds for construction and debt repayment related to the SRF money received for a construction project of the Wastewater Utility. The activity of these funds is not accounted for on the City's records. These bank accounts are not reconciled by the City. By the lack of oversight over this fund, the City could allow fraud or errors to occur in this fund.
3. The City does use pre-numbered receipts; however, a receipt number is assigned by the system when the receipt is entered. The number per the system is used on all receipt listing reports that are generated. It is possible to use the same system receipt number multiple times and enter different information each time it is used. The ability to use a receipt number more than once could allow fraud or error to occur in the receipting process.
4. The Deputy Clerk-Treasurer is responsible for reconciling the bank accounts to the City's records each month. She also has the ability to write receipts, write checks, and post transactions to the system. There is no approval or oversight of the bank reconciliation once it is completed. The lack of oversight and approval of the bank reconciliation could allow fraud or error to occur and remain undetected.
5. There is no segregation of duties at the City Court. The Clerk is responsible for collecting money, writing receipts, posting the cash book, and making deposits. There are no reconciliations to the bank statements completed for the Court funds. The lack of segregation of duties could allow fraud or error to occur within the Court funds.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS
(Continued)

DELINQUENT WASTEWATER ACCOUNTS

As stated in several prior reports, most recently Report B32917, delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

CAPITAL ASSET RECORDS

As similarly stated in several prior reports, most recently Report B32917, information presented for audit indicated the City and Utilities do not maintain sufficient detailed records of capital assets. Records providing historical costs for all of the City's and Utilities' capital assets were not available, and records classifying and summarizing the City's and Utilities' capital assets were incomplete. Additions and disposals of capital assets were not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS
(Continued)

SELF-INSURANCE DISBURSEMENTS

The City maintains a bank account for the activity of the Self-Insurance Fund. A third party administrator has been contracted to handle the payments related to this fund. The administrator pays insurance claims directly from the City's bank account.

IC 36-4-10-4.5 (b) states in part: "The fiscal officer is the head of the city department of finance. The fiscal officer shall do the following: (1) Receive and care for all city money and pay the money out only on order of the approving body."

INTERNAL CONTROLS – EMS

We noted a deficiency in the internal control system of the City related to financial transactions and financial reporting that was considered to be a significant deficiency. All emergency medical service billings are handled by a third party administrator that the City has contracted with for this purpose. There is no oversight by the City regarding the amounts billed or the outstanding receivables. Additionally, the City does not have a policy regarding the write-off of accounts receivable. As a result, the City may not receive all money due from emergency medical services provided.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF ALEXANDRIA, MADISON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Alexandria (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2008-3.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2008-3 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2008-3, to be material weaknesses.

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the Common Council, the Board of Public Works and Safety, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 4, 2009

CITY OF ALEXANDRIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute State and Community Highway Safety Operation Pullover	20.600	OP-08-01-02-29	\$ <u>1,801</u>
Pass-Through Madison County Sheriff Department Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	2008	<u>804</u>
Total for federal grantor agency			<u>2,605</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW07014801 WW07014802	34,569 <u>799,336</u>
Total for federal grantor agency			<u>833,905</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance	97.036	FEMA DR # 1766	<u>7,030</u>
Total for federal grantor agency			<u>7,030</u>
Total federal awards expended			<u>\$ 843,540</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ALEXANDRIA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Alexandria (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF ALEXANDRIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2008-1, INTERNAL CONTROLS OVER FINANCIAL
TRANSACTIONS AND REPORTING – MATERIAL WEAKNESSES

We noted several deficiencies in the internal control system of the City related to financial transactions and financial reporting that were considered to be material weaknesses.

1. The City has an agreement with a third party administrator to pay insurance claims for the City. The City maintains a bank account which the administrator has access to in order to pay the insurance claims. The City receives monthly bank statements on this account, but no reconciliation of the account is performed. Additionally, no records are

CITY OF ALEXANDRIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

maintained by the City on the activity of this fund. The fund is not included in the City's ledger, and no supplemental ledger is maintained. By the lack of oversight over this fund, the City could allow fraud or errors to occur in this fund.

2. A deficiency exists with the handling of the State Revolving Loan Fund (SRF). Several bank accounts are maintained for accounting of funds for construction and debt repayment related to the SRF money received for a construction project of the Wastewater Utility. The activity of these funds is not accounted for on the City's records. These bank accounts are not reconciled by the City. By the lack of oversight over this fund, the City could allow fraud or errors to occur in this fund.
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5. There is no segregation of duties at the City Court. The Clerk is responsible for collecting money, writing receipts, posting the cash book, and making deposits. There are no reconciliations to the bank statements completed for the Court funds. The lack of segregation of duties could allow fraud or error to occur within the Court funds.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We recommended that the City establish a system to record the activity of the Self-Insurance Fund and the SRF loan, and that the records be reconciled to the bank statements on a monthly basis. Additionally, we recommend that proper controls be established to address the deficiencies noted with the receipting process, bank reconciliation process, and maintenance of the City Court records.

FINDING 2008-2, INTERNAL CONTROLS OVER FINANCIAL
TRANSACTIONS AND REPORTING – SIGNIFICANT DEFICIENCIES

We noted a deficiency in the internal control system of the City related to financial transactions and financial reporting that was considered to be a significant deficiency. All emergency medical service billings are handled by a third party administrator that the City has contracted with for this purpose. There

CITY OF ALEXANDRIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

is no oversight by the City regarding the amounts billed or the outstanding receivables. Additionally, the City does not have a policy regarding the write-off of accounts receivable. As a result, the City may not receive all money due from emergency medical services provided.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We recommended that the City establish a system to oversee the receivables and billings related to the emergency medical services provided.

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-3, INTERNAL CONTROL MATERIAL WEAKNESS/EQUIPMENT
AND REAL PROPERTY MANAGEMENT

Federal Agency: U.S. Dept of Housing and Urban Development
Federal Program: Capitalization Grants for Clean Water State Revolving Funds
CFDA Number: 66.458
Federal Award Number: WW07014801 and WW07014802
Pass-Through Entity: Indiana Finance Authority

The City of Alexandria and enterprise funds (Water and Wastewater Utilities) do not maintain records for construction-in-progress and equipment or property purchased with Federal monies. No system exists to provide separate identification for items acquired with Federal and Non-Federal funds. Without adequate records, periodic physical inventories cannot be compared to property records.

The City and Utilities capital asset records are not adequate. The capital asset records do not adequately document additions, deletions or construction-in-progress. During 2008, \$1,695,013 of monies from the SRF loan were used to pay for construction, which should be accounted for as construction-in-progress in the capital asset records.

Pursuant to 24 CFR 84.34 (f)(1) through (3):

"(f) The recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following.

- (1) Equipment records shall be maintained accurately and shall include the following information.
 - (i) A description of the equipment.
 - (ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

CITY OF ALEXANDRIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (iii) Source of the equipment, including the award number.
 - (iv) Whether title vests in the recipient or the Federal Government.
 - (v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.
 - (vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).
 - (vii) Location and condition of the equipment and the date the information was reported.
 - (viii) Unit acquisition cost.
 - (ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates EPA for its share.
- (2) Equipment owned by the Federal Government shall be identified to indicate Federal ownership.
- (3) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment."

Failure to maintain detailed and accurate equipment and property records and to reconcile physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the City design and properly monitor procedures that would ensure accurate detailed capital asset records are maintained and that inventories of property and equipment and construction-in-progress are conducted at least once every two years and reconciled to the detailed capital asset ledger. Any significant differences should be investigated and the appropriate adjustments made to the records. Also any assets acquired with Federal Funds must be designated as such so that they are not disposed of improperly.

CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF ALEXANDRIA

ALEXANDRIA, INDIANA 46001

Office of the Clerk-Treasurer

JANET M. LYNCH
Clerk-Treasurer
alexclk-tr@sbcglobal.net

125 N. Wayne St.
P.O. Box 149
Ph. (765) 724-2541
Fax (765) 724-7373

June 4, 2009

TO WHOM IT MAY CONCERN:

IN RE: CORRECTIVE PLAN OF ACTION

Please be advised that the State Board of Accounts has asked for a corrective plan of action concerning balances in the City's self-insurance plan and the balance in the money held by the State Revolving Loan Fund for a bond issue at the Alexandria Wastewater Treatment Plant.

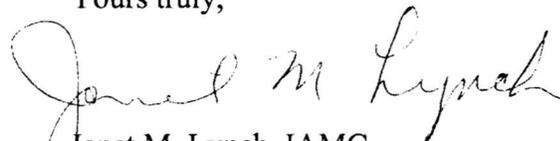
At this time the Clerk-Treasurer does not plan to proceed in any type of corrective measures with the two (2) accounts. There is a great possibility the City may be going in a different direction concerning health insurance and this would no longer be an issue. If the City does keep the present insurance we will revisit this matter next year. The balances in the State Revolving Loan Fund will be paid out by early fall and that will not be a concern after that time.

Concerning the matter of the use of pre-numbered receipts, reconciling of the City bank accounts and the EMS billing a plan of action is being devised for each of these issues.

Regarding the segregation of duties at the City Court, there is a new Judge and she is in the process of setting necessary controls over Court matters.

If you have any other questions or concerns please do not hesitate to contact me at my office.

Yours truly,



Janet M. Lynch, IAMC
Clerk-Treasurer

CITY OF ALEXANDRIA
EXIT CONFERENCE

The contents of this report were discussed on June 4, 2009, with John D. Woods, Mayor; Janet M. Lynch, Clerk-Treasurer; John Dockrey, Council member; and P. Eric Schmidt, President of the Common Council. The officials concurred with our audit findings.