



Mary Taylor, CPA  
Auditor of State



**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Statement of Net Assets – Modified Cash Basis – December 31, 2006 .....	11
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2006.....	12
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2006.....	13
Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2006 .....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) General Fund – For the Year Ended December 31, 2006 .....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Gasoline Tax Fund – For the Year Ended December 31, 2006 .....	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Road and Bridge Fund – For the Year Ended December 31, 2006 .....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Special Levy Fund – For the Year Ended December 31, 2006.....	18
Statement of Net Assets – Modified Cash Basis – December 31, 2005.....	19
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2005.....	20
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2005.....	21
Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2005 .....	22
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) General Fund – For the Year Ended December 31, 2005.....	23
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Gasoline Tax Fund – For the Year Ended December 31, 2005 .....	24
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Road and Bridge Fund – For the Year Ended December 31, 2005 .....	25
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Special Levy Fund – For the Year Ended December 31, 2005.....	26
Notes to the Basic Financial Statements.....	27
Independent Accountants' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	35

ALEXANDER TOWNSHIP  
ATHENS COUNTY

TABLE OF CONTENTS  
(Continued)

TITLE	PAGE
Schedule of Findings.....	37
Schedule of Prior Audit Findings.....	39



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Alexander Township  
Athens County  
81 Beal Road  
Athens, Ohio 45701

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexander Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alexander Township, Athens County, Ohio, as of December 31, 2006 and 2005, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Special Levy Fund, thereof, for the years then ended in conformity with the basis of accounting Note 2 describes.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

April 17, 2007

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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This discussion and analysis of Alexander Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2006 and 2005 are as follows:

- The Township's receipts are primarily real estate and gasoline taxes. These receipts represent respectively 75 percent of the total cash received for governmental activities during 2006 and 53 percent of total cash received for governmental activities during 2005. Real estate and gasoline tax receipts for 2006 changed very little compared to 2005.
- Out of the normal, the General Fund received an estate tax settlement of \$33,124 for 2006. This will explain the slight increase in the 2006 General Fund revenue compared with 2005.
- The Special Levy Fund supports two volunteer fire departments for the Township. The revenue of two fire levies is divided equally between the Albany Volunteer Fire Department and the Richland Area Volunteer Fire Department.
- The Township contracted for cemetery maintenance in 2006. The Township maintains six inactive cemeteries. The contract was from April through October.
- A State Issue II Grant for paving was due to be received in September 2006, but has been postponed until the spring of 2007. This was due to state funding issues. The Township received \$24,822 in Issue II Grant monies in September, 2005. The Township's in-kind contribution was \$2,234 and the cash contribution was \$7,159.
- The Township maintained a Certificate of Deposit for \$500 throughout 2005 and 2006 received through a Cemetery Bequest. The interest from the CD can be used for maintenance associated with the Crossroads Cemetery.
- The Township opened a high yield savings account in 2006 earning approximately 5.5% interest. Money is transferred from checking to savings to hold until needed for expenses. Therefore, the Township's interest revenue increased dramatically from 2005.
- The Township also received \$24,280 in Federal Emergency Management Agency funds in 2005 which were used to repair Setty Road and Oxley Road.

**Using the Basic Financial Statements**

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

**Report Components**

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Township as a whole.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

---

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

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

**Basis of Accounting**

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

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

**Reporting the Township as a Whole**

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2006 and 2005, within the limitations of modified cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

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

In the Statement of Net Assets and the Statement of Activities, the Township has one type of activity:

**Governmental activities** - All of the Township's basic services are reported here, including the major activity of road maintenance. Real estate taxes and gasoline taxes finance most of these activities.



**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2006 and 2005  
 Unaudited

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**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township consist of one category—governmental.

**Governmental Funds** – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge and Special Levy Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a modified cash basis:

(Table 1)

**Net Assets**

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$ 87,479	\$ 73,089
Investments	500	500
Total Assets	\$ 87,979	\$ 73,589
<b>Net Assets</b>		
Restricted for:		
Other Purposes	\$ 30,172	\$ 45,837
Unrestricted	57,807	27,752
Total Net Assets	\$ 87,979	\$ 73,589

The most significant change occurred in unrestricted net assets between 2005 and 2006. The increase of \$30,055 resulted primarily from the \$33,124 estate tax receipt which was posted to the General Fund in 2006.

Table 2, reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities and total primary government.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Operating Grants and Contributions	\$ 131,703	\$ 161,542
Capital Grants and Contributions		24,822
Total Program Receipts	131,703	186,364
General Receipts:		
Property and Other Local Taxes	238,441	231,853
Grants and Entitlements Not Restricted to Specific Programs	57,006	22,335
Interest	1,766	159
Miscellaneous	959	1,597
Total General Receipts	298,172	255,944
Total Receipts	429,875	442,308
Disbursements:		
General Government	107,817	104,353
Public Safety	101,100	86,911
Public Health Services	12,972	6,245
Public Works	173,134	159,324
Capital Outlay	1,101	27,923
Principal Retirement	16,978	15,895
Interest and Fiscal Charges	2,383	3,466
Other		5,632
Total Disbursements	415,485	409,749
Increase (Decrease) in Net Assets	14,390	32,559
Net Assets, January 1, 2006	73,589	41,030
Net Assets, December 31, 2006	\$ 87,979	\$ 73,589

Program receipts for 2006 represent only 30.6 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money. Program receipts for 2005 represent about 43 percent of the total receipts. In addition, the Township received \$24,822 in Issue II monies in 2005 which are reflected as Program Revenues from Capital Grants. The 2006 Issue II projects were delayed until 2007 due to State funding decreases so this revenue source is not reflected for 2006.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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General receipts represent 69.4 percent of the Township's total 2006 receipts and 58 percent of the total 2006 receipts, and of this amount, 80.0 percent of the 2006 receipts and 90 percent of the 2005 receipts are from local taxes. State and federal grants and entitlements not restricted to specific programs make up 19.1 percent of the Township's 2006 general receipts and 8.7 percent of the Township's 2005 general receipts. Other receipts are normally insignificant and somewhat unpredictable revenue sources.

Total receipts decreased by \$29,132 or 7 percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- A State Issue II Grant for paving was not received in 2006 and was delayed until spring of 2007.
- Also, if you reduced the revenue by the unusual amount of the Estate Tax the Township received of \$33,124, the receipts would be 11% less for 2006 compared to 2005.
- All funds showed a decrease in revenue of a total of \$17,000 from 2005 with the exception of the General Fund.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board of trustees and the fiscal officer services as well as payroll, health insurance and purchasing. These costs do not represent direct services to residents so we try to limit these costs.

Public Safety Expenditures relate to the costs of the fire protection contract and Public Works Expenditures relate to the cost associated with the maintenance and repair of Township roads and bridges.

### **Governmental Activities**

If you look at the 2006 Statement of Activities on page 12 and the 2005 Statement of Activities on page 20, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public works and public safety, which, in 2006, accounted for \$274,234 or 66.0 percent of all governmental disbursements. In 2005, these disbursements accounted for \$246,235 or 60.1 percent of all governmental disbursements. General government also represents a significant cost, about 25.9 percent in 2006 and 25.5 percent in 2005. The next columns of the Statement entitled Program Cash Receipts identify amounts paid by the people who are directly charged for the services and grants received by the Township which must be used for a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2006 and 2005  
 Unaudited

(Table 3)

**Governmental Activities**

	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2006	2006	2005	2005
General Government	\$ 107,817	\$ 85,544	\$ 104,353	\$ 49,928
Public Safety	101,100	101,100	86,911	86,911
Public Works	173,134	63,704	159,324	27,385
Health	12,972	12,972	6,245	6,245
Other			5,632	5,632
Capital Outlay	1,101	1,101	27,923	27,923
Principal Retirement	16,978	16,978	15,895	15,895
Interest and Fiscal Charges	2,383	2,383	3,466	3,466
<b>Total Expenses</b>	<b>\$ 415,485</b>	<b>\$ 283,782</b>	<b>\$ 409,749</b>	<b>\$ 223,385</b>

The dependence upon property tax receipts is apparent as over 57.4 percent of 2006 governmental activities and 56.5 percent of 2005 governmental activities are supported mainly through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$429,875 and disbursements of \$415,485 in 2006. The greatest changes within governmental funds occurred within the General Fund and, within the Other Governmental Funds, the Miscellaneous Special Revenue Fund (FEMA). The fund balance of the General Fund increased \$30,055 in 2006 as the result of an Estate Tax receipt. The Miscellaneous Special Revenue Fund received \$31,829 in federal and state FEMA funds in 2005 which did not recur in 2006 resulting in a decrease.

2006 Expenditures increased by nearly \$11,000 over those in 2005. This can be attributed to an increase in operating supplies and materials relating to chip and seal projects,

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. For 2005 and 2006, the most significant budgeted funds are the General, Gasoline Tax, Road and Bridge and Special Levy Funds.

During 2006, the General and Road and Bridge Funds actual receipts exceeded budgeted receipts. The General Fund's excess was partially due to the \$33,124 Estate Tax receipt. Actual receipts in the Gasoline Tax and Special Levy Tax Funds fell short of budgeted receipts.

For 2006, final disbursements in the General Fund were budgeted at \$122,860 while actual disbursements were \$102,614. Final receipts for the General Fund were \$132,669 but the budgeted amount was \$128,494. Although receipts were more than expected, the Township kept spending very close to budgeted amounts. The result is the fund balance of \$57,807 for 2006.

During 2005, actual receipts exceeded budgeted receipts for all major funds. However, the excesses for each of these funds were not significant.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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For 2005, final disbursements for all major funds were well under the final budgeted amounts. This was primarily due to the postponement of Issue II projects by the State.

**Debt Service**

At December 31, 2006, the Township's outstanding debt was \$18,116 from a loan and a lease issued for purchases of equipment. For further information regarding the Township's debt, see Note 9 to the financial statements. Both the loan and the lease are scheduled to be fully paid during 2007.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Although, industry growth is not likely, the growth of residential housing developments is growing in the township and we expect a slight increase in property tax revenue each year. This in turn will increase the township's financial responsibility in road maintenance.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mary Winnett, Fiscal Officer, Alexander Township, 81 Beal Road, Athens, OH, 45701, 740-592-4896.

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**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Net Assets - Modified Cash Basis  
December 31, 2006

	Governmental Activities
<b><u>Assets:</u></b>	
Cash	\$ 87,479
Investments	500
<i>Total Assets</i>	87,979
<b><u>Net Assets:</u></b>	
Restricted for:	
Permanent Fund: Improvements	
Expendable	228
Nonexpendable	500
Other Purposes	29,444
Unrestricted	57,807
<i>Total Net Assets</i>	\$ 87,979

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2006

		Program Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Operating Grants and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>			
General Government	\$ 107,817	\$ 22,273	\$ (85,544)
Public Safety	101,100		(101,100)
Public Works	173,134	109,430	(63,704)
Health	12,972		(12,972)
Capital Outlay	1,101		(1,101)
Debt Service:			
Principal	16,978		(16,978)
Interest	2,383		(2,383)
<i>Total Governmental Activities</i>	<u>\$ 415,485</u>	<u>\$ 131,703</u>	<u>(283,782)</u>
 <b><u>General Receipts:</u></b>			
Property Taxes			238,441
Grants and Entitlements not Restricted to			57,006
Earnings on Investments			1,766
Miscellaneous			959
<i>Total General Receipts</i>			<u>298,172</u>
Change in Net Assets			14,390
<i>Net Assets at Beginning of Year</i>			<u>73,589</u>
<i>Net Assets at End of Year</i>			<u>\$ 87,979</u>

See accompanying notes to the basic financial statements.



**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2006

	General	Gasoline Tax	Road and Bridge	Special Levy	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>						
Cash	\$ 57,807	\$ 6,308	\$ 19,968	\$ 163	\$ 3,233	\$ 87,479
Investments					500	500
<i>Total Assets</i>	<u>\$ 57,807</u>	<u>\$ 6,308</u>	<u>\$ 19,968</u>	<u>\$ 163</u>	<u>\$ 3,733</u>	<u>\$ 87,979</u>
<b><u>Fund Balances:</u></b>						
<i>Unreserved</i>						
General Fund	\$ 57,807					\$ 57,807
Special Revenue Funds		\$ 6,307	\$ 19,969	\$ 163	\$ 3,005	\$ 29,444
Permanent Fund					728	728
<i>Total Fund Balances</i>	<u>\$ 57,807</u>	<u>\$ 6,307</u>	<u>\$ 19,969</u>	<u>\$ 163</u>	<u>\$ 3,733</u>	<u>\$ 87,979</u>

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Receipts, Disbursements and Changes in Modified Cash Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road and Bridge	Special Levy	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>						
Property Taxes and other Local Taxes	\$ 67,515		\$ 68,132	\$ 83,433	\$ 19,361	\$ 238,441
Intergovernmental	63,735	\$ 86,201	8,555	6,989	23,229	188,709
Earnings on Investments	460	244			1,062	1,766
Miscellaneous	959					959
<i>Total Receipts</i>	<u>132,669</u>	<u>86,445</u>	<u>76,687</u>	<u>90,422</u>	<u>43,652</u>	<u>429,875</u>
<b><u>Disbursements:</u></b>						
Current:						
General Government	88,603	7,777	9,582	1,855		107,817
Public Safety				101,100		101,100
Public Works		82,537	63,207		27,390	173,134
Health	12,911			61		12,972
Capital Outlay	1,100				1	1,101
Debt Service:						
Principal Retirement					16,978	16,978
Interest and Fiscal Charges					2,383	2,383
<i>Total Disbursements</i>	<u>102,614</u>	<u>90,314</u>	<u>72,789</u>	<u>103,016</u>	<u>46,752</u>	<u>415,485</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	30,055	(3,869)	3,898	(12,594)	(3,100)	14,390
<i>Fund Balances at Beginning of Year</i>	<u>27,752</u>	<u>10,176</u>	<u>16,071</u>	<u>12,757</u>	<u>6,833</u>	<u>73,589</u>
<i>Fund Balances at End of Year</i>	<u>\$ 57,807</u>	<u>\$ 6,307</u>	<u>\$ 19,969</u>	<u>\$ 163</u>	<u>\$ 3,733</u>	<u>\$ 87,979</u>

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 60,467	\$ 60,467	\$ 67,515	\$ 7,048
Intergovernmental	32,381	66,627	63,735	(2,892)
Earnings on Investments	400	400	460	60
Miscellaneous	1,000	1,000	959	(41)
<i>Total Receipts</i>	<u>94,248</u>	<u>128,494</u>	<u>132,669</u>	<u>4,175</u>
<b><u>Disbursements:</u></b>				
Current:				
General Government	100,200	105,265	88,603	16,662
Health	19,700	15,995	12,911	3,084
Capital Outlay	3,100	1,600	1,100	500
<i>Total Disbursements</i>	<u>123,000</u>	<u>122,860</u>	<u>102,614</u>	<u>20,246</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(28,752)</u>	<u>5,634</u>	<u>30,055</u>	<u>24,421</u>
<i>Other Financing Sources (Uses)</i>				
Other Financing Sources	1,000	1,000		(1,000)
Other Financing Uses		(140)		140
<i>Total Other Financing Sources (Uses)</i>	<u>1,000</u>	<u>860</u>	<u>0</u>	<u>(860)</u>
<i>Net Change in Fund Balance</i>	<u>(27,752)</u>	<u>6,494</u>	<u>30,055</u>	<u>23,561</u>
<i>Fund Balance at Beginning of Year</i>	<u>27,752</u>	<u>27,752</u>	<u>27,752</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$ 27,752</u>	<u>\$ 27,752</u>	<u>\$ 57,807</u>	<u>\$ 23,561</u>

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Gasoline Tax Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$ 90,823	\$ 90,823	\$ 86,201	\$ (4,622)
Earnings on Investments			244	244
<i>Total Receipts</i>	90,823	90,823	86,445	(4,378)
<b><u>Disbursements:</u></b>				
Current:				
General Government	13,521	13,521	7,777	5,744
Public Works	83,879	83,879	82,537	1,342
Capital Outlay	3,600	3,600		3,600
<i>Total Disbursements</i>	101,000	101,000	90,314	10,686
<i>Excess of Receipts Over (Under) Disbursements</i>	(10,177)	(10,177)	(3,869)	6,308
<i>Fund Balance at Beginning of Year</i>	10,176	10,176	10,176	0
<i>Fund Balance at End of Year</i>	\$ (1)	\$ (1)	\$ 6,307	\$ 6,308

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Road and Bridge Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 63,930	\$ 63,930	\$ 68,132	\$ 4,202
Intergovernmental			8,555	8,555
<i>Total Receipts</i>	63,930	63,930	76,687	12,757
<b><u>Disbursements:</u></b>				
Current:				
General Government	12,921	12,921	9,582	3,339
Public Works	63,079	63,079	63,207	(128)
Capital Outlay	4,000	4,000		0
<i>Total Disbursements</i>	80,000	80,000	72,789	3,211
<i>Excess of Receipts Over (Under) Disbursements</i>	(16,070)	(16,070)	3,898	19,968
<i>Fund Balance at Beginning of Year</i>	16,071	16,071	16,071	0
<i>Fund Balance at End of Year</i>	\$ 1	\$ 1	\$ 19,969	\$ 19,968

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Special Levy Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property and other Local Taxes	\$ 82,519	\$ 82,519	\$ 83,433	\$ 914
Intergovernmental	13,724	13,724	6,989	(6,735)
<i>Total Receipts</i>	96,243	96,243	90,422	(5,821)
<b><u>Disbursements:</u></b>				
Current:				
General Government	4,000	4,000	1,855	2,145
Public Safety	104,000	104,000	101,100	2,900
Health	1,000	1,000	61	939
<i>Total Disbursements</i>	109,000	109,000	103,016	5,984
<i>Excess of Receipts Over (Under) Disbursements</i>	(12,757)	(12,757)	(12,594)	163
<i>Fund Balance at Beginning of Year</i>	12,757	12,757	12,757	0
<i>Fund Balance at End of Year</i>	\$ 0	\$ 0	\$ 163	\$ 163

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Net Assets - Modified Cash Basis  
December 31, 2005

	Governmental Activities
<b><u>Assets:</u></b>	
Cash	\$ 73,089
Investments	500
	73,589
<i>Total Assets</i>	73,589
<b><u>Net Assets:</u></b>	
Restricted for:	
Permanent Fund: Improvements	
Expendable	212
Nonexpendable	500
Other Purposes	45,125
Unrestricted	27,752
	27,752
<i>Total Net Assets</i>	\$ 73,589

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2005

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>				
General Government	\$ 104,353	\$ 29,603	\$ 24,822	\$ (49,928)
Public Safety	86,911			(86,911)
Public Works	159,324	131,939		(27,385)
Health	6,245			(6,245)
Other	5,632			(5,632)
Capital Outlay	27,923			(27,923)
Debt Service:				
Principal	15,895			(15,895)
Interest	3,466			(3,466)
<i>Total Governmental Activities</i>	<u>\$ 409,749</u>	<u>\$ 161,542</u>	<u>\$ 24,822</u>	<u>(223,385)</u>
		<b><u>General Receipts:</u></b>		
				231,853
				22,335
				159
				1,597
				255,944
				32,559
				41,030
				<u>\$ 73,589</u>

See accompanying notes to the basic financial statements.



**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005

	General	Gasoline Tax	Road and Bridge	Special Levy	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>						
Cash	\$ 27,752	\$ 10,176	\$ 16,071	\$ 12,757	\$ 6,333	\$ 73,089
Investments					500	500
<i>Total Assets</i>	<u>\$ 27,752</u>	<u>\$ 10,176</u>	<u>\$ 16,071</u>	<u>\$ 12,757</u>	<u>\$ 6,833</u>	<u>\$ 73,589</u>
<b><u>Fund Balances:</u></b>						
<i>Unreserved</i>						
General Fund	\$ 27,752					\$ 27,752
Special Revenue Funds		\$ 10,176	\$ 16,071	\$ 12,757	\$ 6,121	\$ 45,125
Permanent Fund					712	712
<i>Total Fund Balances</i>	<u>\$ 27,752</u>	<u>\$ 10,176</u>	<u>\$ 16,071</u>	<u>\$ 12,757</u>	<u>\$ 6,833</u>	<u>\$ 73,589</u>

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Receipts, Disbursements and Changes in Modified Cash Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005

	General	Gasoline Tax	Road and Bridge	Special Levy	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>						
Property Taxes and other Local Taxes	\$ 64,438		\$ 64,097	\$ 83,958	\$ 19,360	\$ 231,853
Intergovernmental	30,997	\$ 77,233	11,159	9,783	79,527	208,699
Earnings on Investments	30	13			116	159
Miscellaneous	553				532	1,085
<i>Total Receipts</i>	<u>96,018</u>	<u>77,246</u>	<u>75,256</u>	<u>93,741</u>	<u>99,535</u>	<u>441,796</u>
<b><u>Disbursements:</u></b>						
Current:						
General Government	72,846	14,731	14,410	1,866	500	104,353
Public Safety				86,911		86,911
Public Works		58,920	53,709		46,695	159,324
Health	6,211			34		6,245
Capital Outlay	604	774	500		26,045	27,923
Debt Service:						
Principal Retirement					15,895	15,895
Interest and Fiscal Charges					3,466	3,466
<i>Total Disbursements</i>	<u>79,661</u>	<u>74,425</u>	<u>68,619</u>	<u>88,811</u>	<u>92,601</u>	<u>404,117</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,357</u>	<u>2,821</u>	<u>6,637</u>	<u>4,930</u>	<u>6,934</u>	<u>37,679</u>
<b><u>Other Financing Sources (Uses):</u></b>						
Other Financing Sources	512					512
Other Financing Uses					(5,632)	(5,632)
<i>Total Other Financing Sources (Uses)</i>	<u>512</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,632)</u>	<u>(5,120)</u>
<i>Net Change in Fund Balances</i>	16,869	2,821	6,637	4,930	1,302	32,559
<i>Fund Balances at Beginning of Year</i>	10,883	7,355	9,434	7,827	5,531	41,030
<i>Fund Balances at End of Year</i>	<u>\$ 27,752</u>	<u>\$ 10,176</u>	<u>\$ 16,071</u>	<u>\$ 12,757</u>	<u>\$ 6,833</u>	<u>\$ 73,589</u>

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 60,467	\$ 60,467	\$ 64,438	\$ 3,971
Intergovernmental	21,848	21,848	30,997	9,149
Earnings on Investments			30	30
Miscellaneous			553	553
<i>Total Receipts</i>	<u>82,315</u>	<u>82,315</u>	<u>96,018</u>	<u>13,703</u>
<b><u>Disbursements:</u></b>				
Current:				
General Government	80,349	83,249	72,846	10,403
Health	10,748	7,848	6,211	1,637
Capital Outlay	<u>2,100</u>	<u>2,100</u>	<u>604</u>	<u>1,496</u>
<i>Total Disbursements</i>	<u>93,197</u>	<u>93,197</u>	<u>79,661</u>	<u>13,536</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,882)</u>	<u>(10,882)</u>	<u>16,357</u>	<u>27,239</u>
<i>Other Financing Sources (Uses)</i>				
Other Financing Sources	<u>1,000</u>	<u>1,000</u>	<u>512</u>	<u>(488)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>1,000</u>	<u>1,000</u>	<u>512</u>	<u>(488)</u>
<i>Net Change in Fund Balance</i>	(9,882)	(9,882)	16,869	26,751
<i>Fund Balance at Beginning of Year</i>	<u>10,883</u>	<u>10,883</u>	<u>10,883</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,001</u>	<u>\$ 1,001</u>	<u>\$ 27,752</u>	<u>\$ 26,751</u>

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUN**  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Gasoline Tax Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$ 72,804	\$ 72,804	\$ 77,233	\$ 4,429
Earnings on Investments			13	13
<i>Total Receipts</i>	72,804	72,804	77,246	4,442
<b><u>Disbursements:</u></b>				
Current:				
General Government	15,010	15,010	14,731	279
Public Works	64,098	71,628	58,920	12,708
Capital Outlay	1,050	774	774	0
<i>Total Disbursements</i>	80,158	87,412	74,425	12,987
<i>Excess of Receipts Over (Under) Disbursements</i>	(7,354)	(14,608)	2,821	17,429
<i>Fund Balance at Beginning of Year</i>	7,355	7,355	7,355	0
<i>Fund Balance at End of Year</i>	\$ 1	\$ (7,253)	\$ 10,176	\$ 17,429

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Road and Bridge Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 62,708	\$ 62,708	\$ 64,097	\$ 1,389
Intergovernmental			11,159	11,159
<i>Total Receipts</i>	62,708	62,708	75,256	12,548
<b><u>Disbursements:</u></b>				
Current:				
General Government	14,410	14,410	14,410	0
Public Works	57,232	60,453	53,709	6,744
Capital Outlay	500	500	500	0
<i>Total Disbursements</i>	72,142	75,363	68,619	6,744
<i>Excess of Receipts Over (Under) Disbursements</i>	(9,434)	(12,655)	6,637	19,292
<i>Fund Balance at Beginning of Year</i>	9,434	9,434	9,434	0
<i>Fund Balance at End of Year</i>	\$ 0	\$ (3,221)	\$ 16,071	\$ 19,292

See accompanying notes to the basic financial statements.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Special Levy Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property and other Local Taxes	\$ 77,650	\$ 77,650	\$ 83,958	\$ 6,308
Intergovernmental	4,434	4,434	9,783	5,349
<i>Total Receipts</i>	82,084	82,084	93,741	11,657
<b><u>Disbursements:</u></b>				
Current:				
General Government	2,000	2,000	1,866	134
Public Safety	87,411	87,411	86,911	500
Health	500	500	34	466
<i>Total Disbursements</i>	89,911	89,911	88,811	1,100
<i>Excess of Receipts Over (Under) Disbursements</i>	(7,827)	(7,827)	4,930	12,757
<i>Fund Balance at Beginning of Year</i>	7,827	7,827	7,827	0
<i>Fund Balance at End of Year</i>	\$ 0	\$ 0	\$ 12,757	\$ 12,757

See accompanying notes to the basic financial statements.

## ALEXANDER TOWNSHIP, ATHENS COUNTY

Notes to the Basic Financial Statements

December 31, 2006 and 2005

### 1. REPORTING ENTITY

Alexander Township, Athens County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries and contracts with Richland and Albany fire departments to provide fire protections services. Police protection is provided by the Athens County Sheriff's Department.

The Township's primary government consists of all funds that are not legally separate from the Township.

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The following are the more significant of the Township's accounting policies.

#### A. Basis of Presentation

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

##### **Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type activities.

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

**ALEXANDER TOWNSHIP, ATHENS COUNTY**

Notes to the Basic Financial Statements

December 31, 2006 and 2005

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

**A. Basis of Presentation (Continued)**

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses and balances of current financial resources.

The Township has the following major governmental funds:

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

**Road and Bridge Fund** – This fund receives property tax money for the construction, maintenance and repair of Township roads and bridges.

**Gasoline Tax Fund** – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state. The Township uses these sources for the construction, maintenance and repair of Township roads.

**Special Levy Fund** – This fund receives property tax money from a fire levy to fund the Township's fire protection services.

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

**C. Basis of Accounting**

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.



**ALEXANDER TOWNSHIP, ATHENS COUNTY**

Notes to the Basic Financial Statements

December 31, 2006 and 2005

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

**C. Basis of Accounting (Continued)**

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

**D. Budgetary Process**

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

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds. Ohio Revised Code Section 5705.38(C) requires the minimum level of control to be at the office, department, division, and, within each, the amount appropriated for personal services.

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

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

**E. Cash and Investments**

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with a initial maturity of more than three months that were not purchased form the pool are reported as investments. The Township's only investment during 2006 and 2005 was a renewable 30 month \$500 certificate of deposit.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**

Notes to the Basic Financial Statements

December 31, 2006 and 2005

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

**E. Cash and Investments (Continued)**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Township funds according to state statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 were \$460 and \$30, respectively.

**F. Inventory and Prepaid Items**

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

**G. Capital Assets**

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

**H. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to Ohio Public Employees Retirement pension plan when they are paid. As described in Note 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

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

**ALEXANDER TOWNSHIP, ATHENS COUNTY**

Notes to the Basic Financial Statements

December 31, 2006 and 2005

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

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for State Issue II and FEMA Grants.

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

**M. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

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

Last year, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2006 and 2005, the Township has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Special Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**5. DEPOSITS AND INVESTMENTS**

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

	2006	2005
Demand deposits	\$ 87,479	\$ 73,089
Certificates of deposit	500	500
Total deposits	<u>\$ 87,979</u>	<u>\$ 73,589</u>

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**ALEXANDER TOWNSHIP, ATHENS COUNTY**

Notes to the Basic Financial Statements

December 31, 2006 and 2005

**6. PROPERTY TAXES**

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

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

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

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

**7. RISK MANAGEMENT**

The Township has obtained insurance for Liability/Commercial Package through Mathews Insurance, Inc., Athens, Ohio, for the following risks: general liability, public officials' liability, vehicles, and property. Health Insurance is provided through Burnham and Flower Insurance Agency, Columbus, Ohio. The Township pays one hundred percent of the elected officials and employees health insurance premium. Dental and Vision Insurance Plans are open to spouses and dependents of the elected officials and employees.

**8. DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. For 2006, OPERS members contributed 9.0 percent of their gross salaries. The Township contributed an amount equaling 13.70 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

**9. DEBT**

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Truck Loan	\$ 10,274	8.77%
Tractor and Mower Lease	7,842	5.25%
Total	<u>\$ 18,116</u>	

**ALEXANDER TOWNSHIP, ATHENS COUNTY**

Notes to the Basic Financial Statements

December 31, 2006 and 2005

**9. DEBT (Continued)**

The Township obtained a loan from Century National Bank, in 2002, for the purchase of one ton truck to be used for Township road maintenance. The original loan amount was for \$33, 565 for five years, with annual payments of \$8,547 that began in 2003.

The Township entered into a lease with John Deere Credit, in 2002, for the purchase of a tractor and mower to be used for Township road and maintenance. The original lease amount was for \$46,498 for five years, with an annual payment of \$10,814 that began in 2003. The lease is secured solely by the tractor and mower. At the end of the lease, the Township assumes ownership of the tractor and mower at no additional expense.

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

Year ending December 31:	Truck Loan	Tractor and Mower Lease
2007	<u>\$ 10,814</u>	<u>\$ 8,547</u>
Total	<u><u>\$ 10,814</u></u>	<u><u>\$ 8,547</u></u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

**10. JOINT VENTURES**

Alexander Township has a joint venture with Lee Township. The townships are joint owners in a Tar Distributor Truck purchased in 1995. The cost of all repairs and insurance are split between the two townships.

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# Mary Taylor, CPA

Auditor of State

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

Alexander Township  
Athens County  
81 Beal Road  
Athens, Ohio 45701

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 17, 2007, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. We also noted the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the basic financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted other matters that we reported to the Township's management in a separate letter dated April 17, 2007.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 17, 2007.

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management and Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 17, 2007



**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2006-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Twenty-four percent of the transactions tested for both 2006 and 2005 were not certified by the Township Fiscal Officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2006-001 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Township Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

**Official's Response:**

The Fiscal Officer stated that she is in the process of implementing 'Then and Now' certificates for unplanned purchases and super blanket certificates for regular, repeating purchases,

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-01	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.39 for total appropriations exceeding total estimated revenue.	Yes	N/A
2004-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Partially corrected:  This issue is no longer as significant and is reported in the current audit Management Letter.





Mary Taylor, CPA  
Auditor of State

**ALEXANDER TOWNSHIP**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 17, 2007**