



**Auditor of State  
Betty Montgomery**



ALEXANDER TOWNSHIP  
ATHENS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	14

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**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 Alexander Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Alexander Township, Athens County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Alexander Township  
Athens County  
Independent Accountants' Report  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

April 18, 2003

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$46,288	\$97,197	\$	\$	\$143,485
Intergovernmental	46,863	75,395			122,258
Earnings on Investments	429	1,287		29	1,745
Other Revenue	1,699	1,644			3,343
<b>Total Cash Receipts</b>	<u>95,279</u>	<u>175,523</u>	<u>0</u>	<u>29</u>	<u>270,831</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	109,529	603			110,132
Public Safety		28,800			28,800
Public Works		113,197			113,197
Health	6,680	129			6,809
Capital Outlay		67,378			67,378
<b>Total Cash Disbursements</b>	<u>116,209</u>	<u>210,107</u>	<u>0</u>	<u>0</u>	<u>326,316</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(20,930)</u>	<u>(34,584)</u>	<u>0</u>	<u>29</u>	<u>(55,485)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceed of Loan		33,565			33,565
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>33,565</u>	<u>0</u>	<u>0</u>	<u>33,565</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,930)	(1,019)	0	29	(21,920)
Fund Cash Balances, January 1	<u>82,420</u>	<u>82,196</u>	<u>804</u>	<u>873</u>	<u>166,293</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$61,490</b></u>	<u><b>\$81,177</b></u>	<u><b>\$804</b></u>	<u><b>\$902</b></u>	<u><b>\$144,373</b></u>

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

ALEXANDER TOWNSHIP  
ATHENS COUNTY

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$40,832	\$92,899	\$	\$	\$133,731
Intergovernmental	85,266	96,113			181,379
Earnings on Investments	749	2,248		28	3,025
Other Revenue	1,268				1,268
	<u>128,115</u>	<u>191,260</u>	<u>0</u>	<u>28</u>	<u>319,403</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	89,874	595			90,469
Public Safety		31,840			31,840
Public Works		153,744			153,744
Health	6,192	59			6,251
Human Services					0
Capital Outlay	19,514	5,800			25,314
	<u>115,580</u>	<u>192,038</u>	<u>0</u>	<u>0</u>	<u>307,618</u>
<b>Total Cash Disbursements</b>					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>12,535</u>	<u>(778)</u>	<u>0</u>	<u>28</u>	<u>11,785</u>
Fund Cash Balances, January 1	<u>69,885</u>	<u>82,974</u>	<u>804</u>	<u>845</u>	<u>154,508</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$82,420</b></u>	<u><b>\$82,196</b></u>	<u><b>\$804</b></u>	<u><b>\$873</b></u>	<u><b>\$166,293</b></u>

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

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Alexander Township, Athens County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Richland and Albany fire departments to provide fire services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. Repurchase agreements and certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Road and Bridge Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

*Gasoline Tax Fund* - This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

*General Obligation Note Retirement* - This fund is used to retire debt for equipment.

**4. Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

*Cemetery Bequest Fund* – This is a nonexpendable trust which received interest payments for upkeep of cemeteries.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments as required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH 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:

	2002	2001
Demand deposits	\$143,873	\$27,295
Certificates of deposit	500	500
Total deposits	144,373	27,795
Repurchase agreement		138,498
Total investments	0	138,498
Total deposits and investments	\$144,373	\$166,293

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

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are in the Township's name.

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,491	\$95,279	\$3,788
Special Revenue	180,231	209,088	28,857
Debt Service	0	0	0
Fiduciary	29	29	0
Total	<u>\$271,751</u>	<u>\$304,396</u>	<u>\$32,645</u>

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$173,953	\$116,209	\$57,744
Special Revenue	262,424	210,107	52,317
Debt Service	804	0	804
Fiduciary	402	0	402
Total	<u>\$437,583</u>	<u>\$326,316</u>	<u>\$111,267</u>

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$83,210	\$128,115	\$44,905
Special Revenue	180,268	191,260	10,992
Debt Service	0	0	0
Fiduciary	28	28	0
Total	<u>\$263,506</u>	<u>\$319,403</u>	<u>\$55,897</u>

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$153,095	\$115,580	\$37,515
Special Revenue	263,239	192,038	71,201
Debt Service	804	0	804
Fiduciary	372	0	372
Total	<u>\$417,510</u>	<u>\$307,618</u>	<u>\$109,892</u>

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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.

**5. DEBT**

Debt outstanding at December 31, 20002 was as follows:

	Principal	Interest Rate
Truck Loan	\$33,565	8.77%
Tractor and Mower Lease	46,498	5.25%
Total	\$80,063	

The Township obtained a loan from Century National Bank, in 2002, for 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 payment of \$8,547 to begin 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 maintenance. The original lease amount was for \$46,498 for five years, with an annual payment of \$10,814 to begin 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:

	Truck Loan	Tractor and Mower Lease
Year ending December 31:		
2003	\$8,547	\$10,814
2004	8,547	10,814
2005	8,547	10,814
2006	8,547	10,814
2007	8,546	10,815
Total	\$42,734	\$54,071

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- General liability;
- Public Officials' liability;
- Vehicles; and
- Property.



**Auditor of State  
Betty Montgomery**

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

Alexander Township  
Athens County  
81 Beal Road  
Athens, Ohio 45701

To the Board of Trustees:

We have audited the accompanying financial statements of Alexander Township, Athens County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 18, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as item 2002-40705-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 18, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 18, 2003.

Alexander Township  
Athens County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

April 18, 2003

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2002-40705-001**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the Township Clerk. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

If the amount involved is less than \$1,000 dollars (which was increased to \$3,000 on April 7, 2003), the Township Clerk may authorize payment through a Then and Now Certificate without affirmation of the Township Trustees, if such expenditure is otherwise valid.

Funds were not certified prior to purchase commitment and no "then and now" certificate was obtained for 24% of the transactions tested. This could allow deficit spending to occur.

We recommend the Township not expend funds without obtaining the fiscal officer's certificate prior to an obligation being incurred.

**ALEXANDER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING  
FISCAL YEAR END**

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>
2000-40705-001	Section 5705.41(D) was issued for expenditures not being properly encumbered.	No	Reissued in current audit Schedule of Findings as item 2002-40705-001



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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 22, 2003**