



Dave Yost • Auditor of State

**ALEXANDER TOWNSHIP
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position – Modified Cash Basis – December 31, 2012	11
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2012.....	12
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2012.....	13
Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2012	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) General Fund – For the Year Ended December 31, 2012	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Gasoline Tax Fund – For the Year Ended December 31, 2012	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, 2012	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Special Levy Fund – For the Year Ended December 31, 2012.....	18
Statement of Net Position – Modified Cash Basis – December 31, 2011	19
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2011.....	20
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2011.....	21
Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2011	22
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) General Fund – For the Year Ended December 31, 2011	23
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Gasoline Tax Fund – For the Year Ended December 31, 2011	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, 2011	25
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Special Levy Fund – For the Year Ended December 31, 2011.....	26
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Miscellaneous Special Revenue Fund – For the Year Ended December 31, 2011 .	27

ALEXANDER TOWNSHIP
ATHENS COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Notes to the Basic Financial Statements	29
Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i>	41
Schedule of Prior Audit Findings	43



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Alexander Township
Athens County
81 Beal Road
Athens, Ohio 45701

To the Board of Trustees:

Report on the Financial Statements

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, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2012 and 2011 and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Special Levy Fund and Miscellaneous Special Levy Fund thereof, for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03 (B) requires the Township to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2011, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter. .

Other Matters

Supplemental and Other Information

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net Position, changes in net Position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2013

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ALEXANDER TOWNSHIP, ATHENS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
Unaudited

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, 2012 and 2011, 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 2012 and 2011 are as follows:

- The Township's receipts are primarily real estate and gasoline taxes. These receipts represent 79 percent of the total cash received for governmental activities during 2012 and 80 percent of the total cash received for governmental activities during 2011.
- The General Fund received an estate tax settlement for 2012 in the amount of \$15,200. The General Fund received an estate tax settlement for 2010 in the amount of \$33,987. A portion of the money was spent in 2010 with the remaining carried over to 2011 for a purchase of a 1-Ton truck in January for \$20,978.
- 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 total revenue from the fire levies for 2012 was \$92,159. That is a 1 percent decrease over 2011 revenue. The total revenue from the fire levies for 2011 was \$93,104. That is a 3 percent decrease over 2010 revenue.
- The Township contracted for cemetery maintenance in 2012 and 2011. The Township maintains six inactive cemeteries. The Contractor requested his contracted price of \$8,500 for each year be divided equally into monthly payments of \$708 a month beginning in April and ending on March 31 of the subsequent year. The Board of Trustees approved this twelve month payment plan for both 2012 and 2011.
- The Township maintained a Certificate of Deposit for \$500 throughout 2012 and 2011, received through a Cemetery Bequest in 1965. The interest from the CD can be used for maintenance associated with the Crossroads Cemetery.
- The Township opened a savings account in 2006. This savings account yielded approximately .05% interest during 2012 and 2011. Money is transferred from checking to savings to hold until needed for expenses. This savings account when opened earned a higher rate of interest for a few years and increased the Township's interest revenue each year but due to the dropping interest rates in savings over the past several years, the interest revenue is minimal.
- In 2010, the Township adopted a reimbursement policy for out of pocket health insurance premium coverage on elected officials and employees. This is made available to all elected officials and employees, only. The total cost to the Township for these reimbursements was \$2,482 in 2012 and \$2,360 in 2011, which includes two elected officials.
- The Township received a grant from FEMA of \$10,000 in November 2011 for repairs to a slip on Robinson Road. A check for \$7,500 was received, in November 2011 from FEMA for the federal portion of the grant. The remaining state share of \$2,500, less 50% for the Township's share was received from the state after the completion of the project in 2012. The Township applied for another FEMA Grant after the wind storm in June 2012. The grant was approved for \$5,460 but will not be received until 2013.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
Unaudited

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 Position and the Statement of Activities provide information about the cash activities of the Township as a whole.

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 Position and the Statement of Activities reflect how the Township did financially during 2012 and 2011, within the limitations of modified cash basis accounting. The Statement of Net Position 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.

ALEXANDER TOWNSHIP, ATHENS COUNTY
 Management's Discussion and Analysis
 For the Years Ended December 31, 2012 and 2011
 Unaudited

In the Statement of Net Position 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.

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, Special Levy Funds and, for 2011, the Miscellaneous Special Revenue Fund. 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 position for 2012 compared to 2011 and 2010 on a modified cash basis:

(Table 1)
Net Position

	Governmental Activities		
	2012	2011	2010
Assets			
Cash and Cash Equivalents	\$ 65,292	\$ 73,454	\$79,663
Investments	500	500	500
Total Assets	\$ 65,792	\$ 73,954	\$ 80,163
Net Position			
Restricted for:			
Other Purposes	20,771	35,879	15,760
Unrestricted	44,445	37,502	63,835
Permanent Fund:			
Expendable	76	73	68
Non Expendable	500	500	500
Total Net Position	\$ 65,792	\$ 73,954	\$ 80,163

ALEXANDER TOWNSHIP, ATHENS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
Unaudited

Table 2, reflects the changes in net position on a modified cash basis in 2012, 2011 and 2010 for governmental activities and total primary government.

(Table 2)
Changes in Net Position

	Governmental Activities		
	2012	2011	2010
Receipts:			
Program Receipts:			
Operating Grants and Contributions	\$ 138,747	\$ 153,016	\$ 145,113
Capital Grants and Contributions			48,842
Total Program Receipts	<u>138,747</u>	<u>153,016</u>	<u>193,955</u>
General Receipts:			
Property and Other Local Taxes	246,189	248,818	249,677
Bond Issue			18,250
Grants and Entitlements Not Restricted to Specific Programs	30,477	24,587	51,211
Interest	50	66	87
Miscellaneous	1,618	1,257	651
Total General Receipts	<u>278,334</u>	<u>274,728</u>	<u>319,876</u>
Total Receipts	<u>417,081</u>	<u>427,744</u>	<u>513,831</u>
Disbursements:			
General Government	71,521	83,013	77,527
Public Safety	85,000	94,000	90,400
Public Health Services	14,038	12,038	13,371
Public Works	245,033	214,283	227,875
Capital Outlay		20,978	68,892
Principal Retirement	9,289	8,957	6,907
Interest and Fiscal Charges	362	684	272
Total Disbursements	<u>425,243</u>	<u>433,953</u>	<u>485,244</u>
Increase (Decrease) in Net Position	(8,162)	(6,209)	28,587
Net Position, January 1	<u>73,954</u>	<u>80,163</u>	<u>51,576</u>
Net Position, December 31	<u>\$ 65,792</u>	<u>\$ 73,954</u>	<u>\$ 80,163</u>

Program receipts for 2012 represent about 33 percent of the total receipts. Program receipts for 2011 represent only 36 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money. Program receipts for 2010 represent about 38 percent of the total receipts.

General receipts represent 67 percent of the total 2012, 64 percent of the Township's total 2011 receipts and 62 percent of the total 2010 receipts. Of this amount, 59 percent of the 2012 and 2011 receipts and 49 percent of the 2010 receipts are from local taxes. State and federal grants and entitlements not restricted to specific programs make up 11 percent of the Township's 2012 general receipts, 9 percent of the Township's 2011 general receipts and 16 percent of the Township's 2010 general receipts. Other receipts are normally insignificant and somewhat unpredictable revenue sources.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
Unaudited

Total receipts decreased by \$10,663, or 3 percent, during 2012 compared to 2011 receipts and by \$86,087, or 17 percent, during 2011 compared to 2010 receipts.

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, 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 2012 and 2011 Statements of Activities, 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 2012, these disbursements accounted for \$330,032 or 78 percent of all governmental disbursements. In 2011, these disbursements accounted for \$308,283 or 71 percent of all governmental disbursements. General government also represents a significant cost, about 17 percent in 2012 and 19 percent in 2011. 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.

(Table 3)

	Governmental Activities			
	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2012	2012	2011	2011
General Government	\$ 71,521	\$ 36,090	\$ 83,013	\$ 47,373
Public Safety	85,000	85,000	94,000	94,000
Public Works	245,033	141,717	214,283	96,907
Health	14,038	14,038	12,038	12,038
Capital Outlay			20,978	20,978
Principal Retirement	9,289	9,289	8,957	8,957
Interest and Fiscal Charges	362	362	684	684
Total Expenses	\$ 425,243	\$ 286,496	\$ 433,953	\$ 280,937

The dependence upon property tax receipts is apparent as over 58 percent of 2012 governmental activities and 57 percent of 2011 governmental activities and are supported mainly through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$417,082 and disbursements of \$425,243 in 2012. The \$8,162 difference is the change in net position. Total governmental funds had receipts of \$427,744 and disbursements of \$433,953 in 2011. The \$6,209 difference is the change in net position.

2012 Expenditures decreased by \$8,710 over those in 2011 and 2011 Expenditures decreased by \$51,291 over those in 2010.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
Unaudited

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 2012, the most significant budgeted funds are the General, Gasoline Tax, Road and Bridge and Special Levy Funds. For 2011, the most significant budgeted funds are the General, Gasoline Tax, Road and Bridge, Special Levy and Miscellaneous Special Revenue Funds.

During 2012, the General, Road and Bridge, and Special Levy Funds actual receipts fell short of budgeted receipts by \$8,722. During 2011, the General, Road and Bridge, and Special Levy Funds actual receipts fell short of budgeted receipts by \$17,522. The shortfalls seem to be due to the delinquent property taxes and the decrease in Local Government Distribution.

For 2012, although receipts were less than expected, the Township kept spending very close to budgeted amounts. The Township did not exceed the amount available when the beginning cash balance of \$73,494 (excluding the \$500 nonexpendable portion of the Permanent Fund) is added to the final receipt amount of \$417,081, resulting in a total budget amount of \$490,575. The disbursements totaled \$425,243 leaving an ending available cash balance of \$65,292.

For 2011, although receipts were less than expected, the Township kept spending very close to budgeted amounts. The Township did not exceed the amount available when the beginning cash balance of \$79,663 (excluding the \$500 nonexpendable portion of the Permanent Fund) is added to the final receipt amount of \$427,744, resulting in a total budget amount of \$507,407. The disbursements totaled \$433,953 leaving an ending available cash balance of \$73,454.

Debt Service

At December 31, 2011, the Township's outstanding debt of principal and interest was \$9,641 from one note taken out in 2010 for purchase of equipment a John Deere Tack hoe.

As of December 31, 2012, the Township's outstanding debt was paid in full.

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. The reduction in Local Government Funding will also affect the Township's revenue in the future. Although, industry growth is not likely, the growth of residential housing developments is growing in the Township and we expect but not always receive 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.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Statement of Net Position - Modified Cash Basis
December 31, 2012

	Governmental Activities
Assets	
Equity in Pooled Cash	\$ 65,292
Investments	500
<i>Total Assets</i>	\$ 65,792
 Net Position	
Restricted for:	
Permanent Fund: Cemetery Trust	
Expendable	\$ 76
Nonexpendable	500
Other Purposes	20,771
Unrestricted	44,445
<i>Total Net Position</i>	\$ 65,792

See accompanying notes to the basic financial statements.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2012

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u> <u>Governmental Activities</u>
Governmental Activities			
Current:			
General Government	\$ 71,521	\$ 35,431	\$ (36,090)
Public Safety	85,000	0	(85,000)
Public Works	245,033	103,316	(141,717)
Health	14,038	0	(14,038)
Debt Service:			
Principal Retirement	9,289	0	(9,289)
Interest and Fiscal Charges	362	0	(362)
<i>Total Governmental Activities</i>	<u>\$ 425,243</u>	<u>\$ 138,747</u>	<u>(286,496)</u>
General Receipts			
Property Taxes			246,189
Grants and Entitlements not Restricted to Specific Programs			30,477
Earnings on Investments			50
Miscellaneous			1,618
Total General Receipts			<u>278,334</u>
Change in Net Position			(8,162)
<i>Net Position Beginning of Year</i>			<u>73,954</u>
<i>Net Position End of Year</i>			<u>\$ 65,792</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, 2012

	General Fund	Gasoline Tax	Road and Bridge	Special Levy	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash	\$ 44,445	\$ 4,854	\$ 6,415	\$ 5,545	\$ 4,033	\$ 65,292
Investments					500	500
<i>Total Assets</i>	<u>\$ 44,445</u>	<u>\$ 4,854</u>	<u>\$ 6,415</u>	<u>\$ 5,545</u>	<u>\$ 4,533</u>	<u>\$ 65,792</u>
Fund Cash Balance, December 31						
Nonspendable					\$ 500	\$ 500
Restricted		\$ 4,854		\$ 5,545	4,033	14,432
Committed			\$ 6,415			6,415
Unassigned (Deficit)	\$ 44,445					44,445
<i>Fund Cash Balance, December 31</i>	<u>\$ 44,445</u>	<u>\$ 4,854</u>	<u>\$ 6,415</u>	<u>\$ 5,545</u>	<u>\$ 4,533</u>	<u>\$ 65,792</u>

See accompanying notes to the basic financial statements.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Statement of Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General Fund	Gasoline Tax	Road and Bridge	Special Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 71,676	\$	\$ 92,740	\$ 81,773	\$	\$ 246,189
Intergovernmental	40,160	80,247	14,112	10,386	24,319	169,224
Earnings on Investments	13	10			27	50
Miscellaneous	1,618					1,618
Total Receipts	113,467	80,257	106,852	92,159	24,346	417,081
Disbursements						
Current:						
General Government	68,948	969		1,604		71,521
Public Safety				85,000		85,000
Public Works	14,065	90,659	107,063		33,246	245,033
Health	13,861			177		14,038
Debt Service:						
Principal Retirement	9,289					9,289
Interest and Fiscal Charges	362					362
Total Disbursements	106,525	91,628	107,063	86,781	33,246	425,243
Net Change in Fund Balances	6,942	(11,371)	(211)	5,378	(8,900)	(8,162)
Fund Balances Beginning of Year	37,502	16,225	6,626	168	13,433	73,954
Fund Balances End of Year	<u>\$ 44,444</u>	<u>\$ 4,854</u>	<u>\$ 6,415</u>	<u>\$ 5,546</u>	<u>\$ 4,533</u>	<u>\$ 65,792</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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 74,100	\$ 74,100	\$ 71,676	\$ (2,424)
Intergovernmental	41,575	41,575	40,160	(1,415)
Earnings on Investments	25	25	13	(12)
Miscellaneous	1,500	1,500	1,618	118
<i>Total Receipts</i>	<u>117,200</u>	<u>117,200</u>	<u>113,467</u>	<u>(3,733)</u>
Disbursements				
Current:				
General Government	95,757	95,751	68,948	26,803
Public Works	20,800	20,800	14,065	6,735
Health	18,500	18,500	13,861	4,639
Capital Outlay	10,000	10,000		10,000
Debt Service:				
Principal Retirement	9,295	9,289	9,289	-
Interest and Fiscal Charges	350	362	362	-
<i>Total Disbursements</i>	<u>154,702</u>	<u>154,702</u>	<u>106,525</u>	<u>48,177</u>
<i>Net Change in Fund Balance</i>	(37,502)	(37,502)	6,942	(51,910)
<i>Unencumbered Cash Balance Beginning of Year</i>	37,502	37,502	37,502	0
Prior Year Encumbrances Appropriated	-	-	-	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,444</u>	<u>\$ (51,910)</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 95,821	\$ 95,821	\$ 80,247	\$ (15,574)
Earnings on Investments	25	25	10	(15)
<i>Total Receipts</i>	<u>95,846</u>	<u>95,846</u>	<u>80,257</u>	<u>(15,589)</u>
Disbursements				
Current:				
General Government	1,400	1,400	969	431
Public Works	110,341	110,341	90,659	19,682
<i>Total Disbursements</i>	<u>111,741</u>	<u>111,741</u>	<u>91,628</u>	<u>20,113</u>
<i>Net Change in Fund Balance</i>	(15,895)	(15,895)	(11,371)	(7,153)
<i>Unencumbered Cash Balance Beginning of Year</i>	16,225	16,225	16,225	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 330</u>	<u>\$ 330</u>	<u>\$ 4,854</u>	<u>\$ (7,153)</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)
Road and Bridge Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 94,100	\$ 94,100	\$ 92,740	\$ (1,360)
Intergovernmental	14,900	14,900	14,112	(788)
<i>Total Receipts</i>	109,000	109,000	106,852	(2,148)
Disbursements				
Current:				
Public Works	115,496	115,496	107,063	8,433
<i>Total Disbursements</i>	115,496	115,496	107,063	8,433
<i>Net Change in Fund Balance</i>	(6,496)	(6,496)	(211)	(6,285)
<i>Unencumbered Cash Balance Beginning of Year</i>	6,626	6,626	6,626	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Cash Balance End of Year</i>	\$ 130	\$ 130	\$ 6,415	\$ (6,285)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 83,100	\$ 83,100	\$ 81,773	\$ (1,327)
Intergovernmental	11,900	11,900	10,386	(1,514)
<i>Total Receipts</i>	<u>95,000</u>	<u>95,000</u>	<u>92,159</u>	<u>(2,841)</u>
Disbursements				
Current:				
General Government	4,000	4,000	1,604	2,396
Public Safety	90,868	90,868	85,000	5,868
Health	300	300	177	123
<i>Total Disbursements</i>	<u>95,168</u>	<u>95,168</u>	<u>86,781</u>	<u>8,387</u>
<i>Net Change in Fund Balance</i>	(168)	(168)	5,378	(11,228)
<i>Unencumbered Cash Balance Beginning of Year</i>	168	168	168	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,546</u>	<u>\$ (11,228)</u>

See accompanying notes to the basic financial statements.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Statement of Net Position - Modified Cash Basis
 December 31, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash	\$ 73,454
Investments	500
<i>Total Assets</i>	\$ 73,954
 Net Position	
Restricted for:	
Permanent Fund: Cemetery Trust	
Expendable	\$ 73
Nonexpendable	500
Other Purposes	35,879
Unrestricted	37,502
<i>Total Net Position</i>	\$ 73,954

See accompanying notes to the basic financial statements.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2011

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u> <u>Governmental Activities</u>
Governmental Activities			
Current:			
General Government	\$ 83,013	\$ 35,640	\$ (47,373)
Public Safety	94,000	0	(94,000)
Public Works	214,283	117,376	(96,907)
Health	12,038	0	(12,038)
Capital Outlay	20,978	0	(20,978)
Debt Service:			
Principal Retirement	8,957	0	(8,957)
Interest and Fiscal Charges	684	0	(684)
<i>Total Governmental Activities</i>	<u>\$ 433,953</u>	<u>\$ 153,016</u>	<u>(280,937)</u>
General Receipts			
Property Taxes			248,818
Grants and Entitlements not Restricted to Specific Programs			24,587
Earnings on Investments			66
Miscellaneous			1,257
Total General Receipts			<u>274,728</u>
Change in Net Position			(6,209)
<i>Net Position Beginning of Year</i>			<u>80,163</u>
<i>Net Position End of Year</i>			<u>\$ 73,954</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, 2011

	General Fund	Gasoline Tax	Road and Bridge	Special Levy	Miscellaneous Special Revenue	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash	\$ 37,502	\$ 16,225	\$ 6,626	\$ 168	\$ 7,500	\$ 5,433	\$ 73,454
Investments						500	500
<i>Total Assets</i>	<u>\$ 37,502</u>	<u>\$ 16,225</u>	<u>\$ 6,626</u>	<u>\$ 168</u>	<u>\$ 7,500</u>	<u>\$ 5,933</u>	<u>\$ 73,954</u>
Fund Cash Balance, December 31							
Nonspendable						\$ 500	\$ 500
Restricted		\$ 16,225		\$ 168	\$ 7,500	5,433	29,326
Committed			\$ 6,626				6,626
Unassigned (Deficit)	\$ 37,502						37,502
<i>Fund Cash Balance, December 31</i>	<u>\$ 37,502</u>	<u>\$ 16,225</u>	<u>\$ 6,626</u>	<u>\$ 168</u>	<u>\$ 7,500</u>	<u>\$ 5,933</u>	<u>\$ 73,954</u>

See accompanying notes to the basic financial statements.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Statement of Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General Fund	Gasoline Tax	Road and Bridge	Special Levy	Miscellaneous Special Revenue	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 72,410	\$	\$ 93,778	\$ 82,631	\$	\$	\$ 248,819
Intergovernmental	28,107	93,041	14,146	10,473	7,500	24,335	177,602
Earnings on Investments	19	14				33	66
Miscellaneous	1,257						1,257
Total Receipts	101,793	93,055	107,924	93,104	7,500	24,368	427,744
Disbursements							
Current:							
General Government	79,021	1,407		2,235		350	83,013
Public Safety				94,000			94,000
Public Works	6,612	76,908	109,813			20,950	214,283
Health	11,874			164			12,038
Capital Outlay	20,978						20,978
Debt Service:							
Principal Retirement	8,957						8,957
Interest and Fiscal Charges	684						684
Total Disbursements	128,126	78,315	109,813	96,399	0	21,300	433,953
Net Change in Fund Balances	(26,333)	14,740	(1,889)	(3,295)	7,500	3,068	(6,209)
Fund Balances Beginning of Year	63,835	1,485	8,515	3,463	-	2,865	80,163
Fund Balances End of Year	<u>\$ 37,502</u>	<u>\$ 16,225</u>	<u>\$ 6,626</u>	<u>\$ 168</u>	<u>\$ 7,500</u>	<u>\$ 5,933</u>	<u>\$ 73,954</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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 74,200	\$ 74,200	\$ 72,410	\$ (1,790)
Intergovernmental	32,545	32,545	28,107	(4,438)
Earnings on Investments	100	100	19	(81)
Miscellaneous	500	500	1,257	757
<i>Total Receipts</i>	<u>107,345</u>	<u>107,345</u>	<u>101,793</u>	<u>(5,552)</u>
Disbursements				
Current:				
General Government	121,409	111,409	79,021	32,388
Public Works	9,030	9,389	6,612	2,777
Health	19,763	19,763	11,874	7,889
Capital Outlay	20,978	20,978	20,978	-
Debt Service:				
Principal Retirement		8,957	8,957	-
Interest and Fiscal Charges		684	684	-
<i>Total Disbursements</i>	<u>171,180</u>	<u>171,180</u>	<u>128,126</u>	<u>43,054</u>
<i>Net Change in Fund Balance</i>	(63,835)	(63,835)	(26,333)	(48,606)
<i>Unencumbered Cash Balance Beginning of Year</i>	63,835	63,835	63,835	0
Prior Year Encumbrances Appropriated	-	-	-	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,502</u>	<u>\$ 37,502</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 83,002	\$ 83,002	\$ 93,041	\$ 10,039
Earnings on Investments	100	100	14	(86)
<i>Total Receipts</i>	83,102	83,102	93,055	9,953
Disbursements				
Current:				
General Government	1,440	1,440	1,407	33
Public Works	72,017	81,662	76,908	4,754
Debt Service:				
Principal Retirement	8,960			
Interest and Fiscal Charges	685			
<i>Total Disbursements</i>	83,102	83,102	78,315	4,787
<i>Net Change in Fund Balance</i>	-	-	14,740	19,527
<i>Unencumbered Cash Balance Beginning of Year</i>	1,485	1,485	1,485	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Cash Balance End of Year</i>	\$ 1,485	\$ 1,485	\$ 16,225	\$ 19,527

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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 95,663	\$ 95,663	\$ 93,778	\$ (1,885)
Intergovernmental	18,400	18,400	14,146	(4,254)
<i>Total Receipts</i>	114,063	114,063	107,924	(6,139)
Disbursements				
Current:				
Public Works	122,578	122,578	109,813	12,765
<i>Total Disbursements</i>	122,578	122,578	109,813	12,765
<i>Net Change in Fund Balance</i>	(8,515)	(8,515)	(1,889)	(6,626)
<i>Unencumbered Cash Balance Beginning of Year</i>	8,515	8,515	8,515	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Cash Balance End of Year</i>	\$ -	\$ -	\$ 6,626	\$ (6,626)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 84,935	\$ 84,935	\$ 82,631	\$ (2,304)
Intergovernmental	14,000	14,000	10,473	(3,527)
<i>Total Receipts</i>	<u>98,935</u>	<u>98,935</u>	<u>93,104</u>	<u>(5,831)</u>
Disbursements				
Current:				
General Government	4,000	4,000	2,235	1,765
Public Safety	97,798	97,798	94,000	3,798
Health	600	600	164	436
<i>Total Disbursements</i>	<u>102,398</u>	<u>102,398</u>	<u>96,399</u>	<u>5,999</u>
<i>Net Change in Fund Balance</i>	(3,463)	(3,463)	(3,295)	(11,830)
<i>Unencumbered Cash Balance Beginning of Year</i>	3,463	3,463	3,463	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168</u>	<u>\$ (11,830)</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)
 Miscellaneous Special Revenue Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 7,500	\$ (2,500)
<i>Total Receipts</i>	<u>10,000</u>	<u>10,000</u>	<u>7,500</u>	<u>(2,500)</u>
Disbursements				
Current:				
Public Works	10,000	10,000	-	10,000
<i>Total Disbursements</i>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<i>Net Change in Fund Balance</i>	-	-	7,500	7,500
<i>Unencumbered Cash Balance Beginning of Year</i>	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>

See accompanying notes to the basic financial statements.

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ALEXANDER TOWNSHIP, ATHENS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Alexander Township, Athens County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance and contracts with the Richland and Albany Fire Departments for fire protection services and with the Athens County Sheriff's Department for police protection services.

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 2C, 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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Township's accounting policies are described below.

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 Position and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The Statement of Position presents the cash and investment balances, 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 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

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 Township's funds are all classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Special Levy Fund and, during 2011, the Miscellaneous Special Revenue Fund. The General 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. The Gasoline Tax Fund receives gasoline tax monies for constructing, maintaining, and repairing Township roads, the Road and Bridge Fund receives property tax monies for the construction, maintenance and repair of Township roads, the Special Levy Fund receives property tax monies from a fire levy to fund the Township's fire protection services and the Miscellaneous Special Revenue Fund received FEMA grant funds for slip repair on Township roads.

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.

As a result of the use of this 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 liabilities and the related expenses) are not recorded in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All 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 resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

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.

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 certificate 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 resolution 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 an initial maturity of more than three months that were not purchased from the pool are reported as investments. The Township's only investment during 2012 was a renewable 30 month \$500 certificate of deposit (cemetery bequest).

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, Motor Vehicle Fund, Gasoline Tax Fund and Township Permissive Motor Vehicle Fund during 2012 and 2011 totaled \$50 and \$66, respectively.

F. Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. There are no restricted assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. 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.

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 cost-sharing pension plans when they are paid. As described in Notes 8 and 9, 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.

L. Net Position

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

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (Continued)

3. Committed

Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. CHANGE IN ACCOUNTING PRINCIPLES

During 2012, the Township has implemented Government Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – and amendment of GASB Statement No. 53 and Statement No. 65, "Items Previously Reported as Assets and Liabilities."

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the Township's 2012 financial statements; however, there was no material effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any material change in the Township's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the Township's 2012 financial statements; however, there was no material effect on beginning net position/fund balance.

3. CHANGE IN ACCOUNTING PRINCIPLES (Continued)

During 2011, the Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in any change to the Township's financial statements.

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 (Budget Basis) presented for the General, Gasoline Tax, Road and Bridge, Special Levy and, for 2011, the Miscellaneous Special Revenue Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

5. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

5. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

The Township's cash balances were covered by the FDIC; therefore, the Township is not exposed to custodial credit risk.

6. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2009 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

6. PROPERTY TAXES (Continued)

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien on December 31, 2010, were levied after October 1, 2011, and were collected in 2012 with real property taxes. 2012 public utility property taxes which became a lien on December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all Township operations for the years ended December 31, 2012 and 2011, was \$5.00 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

	<u>2012</u>	<u>2011</u>
Real Property	\$ 43,947,410	\$ 43,876,240
Public Utility Property	<u>16,898,310</u>	<u>17,452,990</u>
Total Assessed Values	<u>\$ 60,845,720</u>	<u>\$ 61,329,230</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

7. RISK MANAGEMENT

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

7. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the years ended December 31, 2012 and 2011, members in state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2012 and 2011, member and employer contribution rates were consistent across all three plans.

The Village's 2012 and 2011 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2012 and 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012 and 2011. Employer contribution rates are actuarially determined.

8. DEFINED BENEFIT PENSION PLAN (Continued)

Ohio Public Employees Retirement System (Continued)

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010, were \$9,289, \$9,372, and \$8,282, respectively; 100 percent has been contributed for 2012, 2011 and 2010.

9. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012 and 2011, state and local government employers contributed at a rate of 14.0 percent of covered payroll. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 4.0 percent.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010, were \$3,715, \$3,749, and \$5,359, respectively; 100 percent has been contributed for 2012, 2011, and 2010.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

ALEXANDER TOWNSHIP, ATHENS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

10. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

11. JOINT VENTURE

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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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the 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, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 30, 2013, wherein we noted that in 2011, the Township adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2013

**ALEXANDER TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	A material weakness for a posting error and the omission of a major fund.	Yes	N/A

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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
SEPTEMBER 26, 2013**