



PAXTON TOWNSHIP, ROSS COUNTY

Regular Audit

**For the Years Ended
December 31, 2008 and 2007**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA

Auditor of State

Board of Trustees
Paxton Township
5837 Jester Hill Road
P.O. Box 283
Bainbridge, Ohio 45612

We have reviewed the *Independent Auditor's Report* of Paxton Township, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Paxton Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 25, 2009

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Independent Auditor's Report

Board of Trustees
Paxton Township, Ross County
PO Box 217
Bainbridge, OH 45612

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Paxton Township (the Township), Ross County as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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 of America. 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 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2008 and 2007, and the respective changes in financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, and Ambulance and EMS Billing Funds for the years then ended in conformity with the cash basis of accounting presented in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 2, 2009 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. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Board of Trustees
Paxton Township, Ross County
Independent Auditor's Report

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

June 2, 2009

PAXTON TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

This discussion and analysis of the Paxton Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Highlights

Key highlights for 2008 and 2007 are as follows:

Net assets of governmental activities increased \$6,047 or 6.17 percent in 2008. Net assets of governmental activities decreased \$4,200 or 4.11 percent in 2007.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent respectively 31.97 and 11.04 percent of the total cash received in 2008 for governmental activities during the year. Property tax receipts for 2008 changed very little compared to 2007 as development within the Township has slowed. Property taxes and grants and entitlements not restricted to specific programs, represent respectively 33.97 and 10.81 percent of the total cash received in 2007 for governmental activities during the year.

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 cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

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.

PAXTON TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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 cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2008 and 2007, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental activities 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 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 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 nonfinancial factors as well such as the Township property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township consists of one type of activity:

Governmental Activities - All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government'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.

PAXTON TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

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

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008, 2007, and 2006 for comparison on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2008	2007	2006
Assets			
Cash & Cash Equivalents	\$104,053	\$98,006	\$102,206
Total Assets	\$104,053	\$98,006	\$102,206
Net Assets			
<i>Restricted for:</i>			
Permanent Fund:			
Expendable	2,264	2,134	2,050
Nonexpendable	3,000	3,000	3,000
Other Purposes	83,157	85,962	82,915
Unrestricted	15,632	6,910	14,241
Total Net Assets	\$104,053	\$98,006	\$102,206

PAXTON TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

As mentioned previously, net assets of governmental activities increased \$6,047 or 6.17 percent during 2008. Net assets of governmental activities decreased \$4,200 or 4.11 during 2007.

Table 2 reflects the changes in net assets in 2008, 2007, and 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2008	2007	2006
<u>Receipts</u>			
<i>Program Receipts:</i>			
Charges for Services and Sales	\$96,708	\$88,248	\$73,771
Operating Grants and Contributions	105,158	99,227	112,715
Capital Grants and Contributions	7,848	7,889	0
Total Program Receipts	209,714	195,364	186,486
<i>General Receipts:</i>			
Property Taxes	118,401	121,202	76,487
Grants and Entitlements Not Restricted	40,905	38,557	42,074
Earnings on Investments	129	84	2,362
Miscellaneous	1,259	1,548	495
Total General Receipts	160,694	161,391	121,418
Total Receipts	370,408	356,755	307,904
<u>Disbursements:</u>			
General Government	178,705	170,956	151,824
Public Safety	30,313	28,495	34,858
Public Works	94,991	96,207	103,427
Health	24,021	32,315	29,380
Capital Outlay	12,352	8,800	1,208
Principal Retirement	21,110	19,603	18,851
Interest and Fiscal Charges	2,869	4,579	5,128
Total Disbursements	364,361	360,955	344,676
Increase (Decrease) in Net Assets	6,047	(4,200)	(36,772)
Net Assets at January 1	98,006	102,206	138,978
Net Assets at December 31	\$104,053	\$98,006	\$102,206

Program receipts represent 56.62 percent of total receipts during 2008 and 54.76 percent of total receipts during 2007. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, cents per gallon, and gas tax money.

PAXTON TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

General receipts represent 43.38 percent in 2008 and 45.24 percent in 2007 of the Township's total receipts, and of this amount, 31.97 percent in 2008 and 33.97 percent in 2007 are property taxes. State and federal grants and entitlements make up 11.04 percent in 2008 and 10.81 percent in 2007 of the Township's total 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 Trustees, Fiscal Officer, and other general activities, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public safety costs are costs associated with fire protection and emergency services. Public works are costs associated with maintaining Township roads.

Governmental Activities

If you look at the statement 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 General Government, which account for \$178,705 or 49.05 percent in 2008 and \$170,956 or 47.36 percent in 2007 of all governmental disbursements, respectively. Public Works also represents a significant cost, about 26.07 percent in 2008 and 26.65 percent in 2007. The next three columns of the statement entitled program receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide 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 during 2008, 2007, and 2006 is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services <u>2008</u>	Net Cost Of Services <u>2008</u>	Total Cost Of Services <u>2007</u>	Net Cost Of Services <u>2007</u>	Total Cost Of Services <u>2006</u>	Net Cost of Services <u>2006</u>
General Government	\$178,705	\$94,281	\$170,956	\$91,159	\$151,824	\$87,966
Public Safety	30,313	8,994	28,495	15,910	34,858	32,738
Public Works	94,991	(6,380)	96,207	(3,020)	103,427	(4,307)
Health	24,021	21,421	32,315	28,560	29,380	16,606
Capital Outlay	12,352	12,352	8,800	8,800	1,208	1,208
Principal Retirement	21,110	21,110	19,603	19,603	18,851	18,851
Interest and Fiscal Charges	2,869	2,869	4,579	4,579	5,128	5,128
Total Expenses	<u>\$364,361</u>	<u>\$154,647</u>	<u>\$360,955</u>	<u>\$165,591</u>	<u>\$344,676</u>	<u>\$158,190</u>

The dependence upon property tax receipts is apparent as 42.44 percent in 2008 and 45.88 percent in 2007 of governmental activities are supported through these general receipts.

PAXTON TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

The Township's Funds

Total governmental funds had receipts of \$370,408 in 2008 and \$356,755 in 2007 and disbursements of \$364,361 in 2008 and \$360,955 in 2007. The greatest changes for 2008 and 2007 within governmental funds occurred within the Gasoline Tax Fund and the Ambulance and EMS Billing Fund. The fund balance of the Gasoline Tax Fund decreased \$8,398 in 2008 and \$10,356 in 2007 as the result of disbursements exceeding receipts. The fund balance of the Ambulance and EMS Billing Fund increased \$10,061 in 2008 and \$10,850 in 2007 as the result of increased receipts.

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. The most significant budgeted fund is the General Fund.

During 2008, the Township did not amend its General Fund budget. The difference between final budgeted receipts and actual receipts was \$5,339 or 7.04 percent.

During 2007, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$2,532 from the original budgeted receipts due to an increase in property taxes. The difference between final budgeted receipts and actual receipts was (\$870) or 1.10 percent.

During 2008, General Fund final disbursements were budgeted at \$79,303 while actual disbursements were \$72,494. Final budgeted disbursements did not change from the original budgeted disbursements.

During 2007, General Fund final disbursements were budgeted at \$81,581 while actual disbursements were \$75,679. Final budgeted disbursements increased \$2,231 from the original budgeted disbursements.

Debt Administration

For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. As indicated in the preceding financial information, the Township relies heavily on local taxes and intergovernmental receipts to operate at the current level of services.

Contacting the Government'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 Vicky Mettler, Fiscal Officer, Paxton Township, Ross County, 258 U.S. Route 50, Bainbridge, Ohio 45612.

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PAXTON TOWNSHIP, ROSS COUNTY

Statement of Net Assets

December 31, 2008

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$104,053</u>
<i>Total Assets</i>	<u>104,053</u>
<u>Net Assets:</u>	
Restricted for:	
Permanent Fund:	
Expendable	2,264
Nonexpendable	3,000
Other Purposes	83,157
Unrestricted	<u>15,632</u>
<i>Total Net Assets</i>	<u><u>\$104,053</u></u>

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY
Statement of Activities
For the Fiscal Year Ended December 31, 2008

	Program Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>					
General Government	\$178,705	\$76,334	\$242	\$7,848	(\$94,281)
Public Safety	30,313	17,774	3,545	0	(8,994)
Public Works	94,991	0	101,371	0	6,380
Health	24,021	2,600	0	0	(21,421)
Capital Outlay	12,352	0	0	0	(12,352)
<i>Debt Service:</i>					
Principal Retirement	21,110	0	0	0	(21,110)
Interest and Fiscal Charges	2,869	0	0	0	(2,869)
Total Governmental Activities	\$364,361	\$96,708	\$105,158	\$7,848	(154,647)
 <u>General Receipts:</u>					
Property Taxes					118,401
Grants and Entitlements not Restricted to Specific Programs					40,905
Earnings on Investments					129
Miscellaneous					1,259
Total General Receipts					160,694
Change in Net Assets					6,047
<i>Net Assets at Beginning of Year</i>					98,006
<i>Net Assets at End of Year</i>					\$104,053

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY

Balance Sheet

Governmental Funds

December 31, 2008

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$15,632	\$36,974	\$14,412
<i>Total Assets</i>	<u>\$15,632</u>	<u>\$36,974</u>	<u>\$14,412</u>
<u>Fund Balances:</u>			
<i>Unreserved</i>			
General Fund	\$15,632	\$0	\$0
Special Revenue Funds	0	36,974	14,412
Permanent Fund	0	0	0
<i>Total Fund Balances</i>	<u>\$15,632</u>	<u>\$36,974</u>	<u>\$14,412</u>

See accompanying notes to the basic financial statements.

Ambulance and EMS Billing	Other Governmental Funds	Total Governmental Funds
\$21,264	\$15,771	\$104,053
\$21,264	\$15,771	\$104,053
\$0	\$0	\$15,632
21,264	10,507	83,157
0	5,264	5,264
\$21,264	\$15,771	\$104,053

PAXTON TOWNSHIP, ROSS COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Gasoline Tax	Road and Bridge
<u>Receipts:</u>			
Property Taxes	\$30,608	\$0	\$12,819
Charges for Services	8,300	0	0
Licenses, Permits and Fees	0	0	0
Intergovernmental	41,830	91,483	7,866
Earnings on Investments	328	1,364	0
Miscellaneous	150	0	211
<i>Total Receipts</i>	<u>81,216</u>	<u>92,847</u>	<u>20,896</u>
<u>Disbursements:</u>			
<i>Current:</i>			
General Government	69,494	14,600	5,663
Public Safety	3,000	967	0
Public Works	0	71,708	12,892
Health	0	0	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	0	11,324	0
Interest and Fiscal Charges	0	2,646	0
<i>Total Disbursements</i>	<u>72,494</u>	<u>101,245</u>	<u>18,555</u>
<i>Net Change in Fund Balances</i>	8,722	(8,398)	2,341
<i>Fund Balances at Beginning of Year</i>	<u>6,910</u>	<u>45,372</u>	<u>12,071</u>
<i>Fund Balances at End of Year</i>	<u>\$15,632</u>	<u>\$36,974</u>	<u>\$14,412</u>

See accompanying notes to the basic financial statements.

Ambulance and EMS Billing	Other Governmental Funds	Total Governmental Funds
\$30,323	\$44,651	\$118,401
78,008	0	86,308
0	6,875	6,875
0	11,834	153,013
0	259	1,951
0	3,499	3,860
<u>108,331</u>	<u>67,118</u>	<u>370,408</u>
85,918	3,030	178,705
0	26,346	30,313
0	10,391	94,991
0	24,021	24,021
12,352	0	12,352
0	9,786	21,110
0	223	2,869
<u>98,270</u>	<u>73,797</u>	<u>364,361</u>
10,061	(6,679)	6,047
<u>11,203</u>	<u>22,450</u>	<u>98,006</u>
<u>\$21,264</u>	<u>\$15,771</u>	<u>\$104,053</u>

PAXTON TOWNSHIP, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Receipts:</u>				
Property Taxes	\$28,882	\$28,882	\$30,608	\$1,726
Charges for Services	6,995	5,000	8,300	3,300
Intergovernmental	40,000	40,314	41,830	1,516
Earnings on Investments	0	350	328	(22)
Miscellaneous	0	1,331	150	(1,181)
<i>Total Receipts</i>	<u>75,877</u>	<u>75,877</u>	<u>81,216</u>	<u>5,339</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	79,303	76,303	69,494	6,809
Public Safety	0	3,000	3,000	0
<i>Total Disbursements</i>	<u>79,303</u>	<u>79,303</u>	<u>72,494</u>	<u>6,809</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,426)	(3,426)	8,722	12,148
<i>Fund Balance at Beginning of Year</i>	<u>6,910</u>	<u>6,910</u>	<u>6,910</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,484</u></u>	<u><u>\$3,484</u></u>	<u><u>\$15,632</u></u>	<u><u>\$12,148</u></u>

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Gasoline Tax Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$67,109	\$91,483	\$91,483	\$0
Earnings on Investments	0	1,364	1,364	0
<i>Total Receipts</i>	67,109	92,847	92,847	0
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	15,600	15,600	14,600	1,000
Public Safety	3,000	3,000	967	2,033
Public Works	90,824	78,824	71,708	7,116
<i>Debt Service:</i>				
Principal Retirement	0	12,000	11,324	676
Interest and Fiscal Charges	2,646	2,646	2,646	0
<i>Total Disbursements</i>	112,070	112,070	101,245	10,825
<i>Excess of Receipts Over Disbursements</i>	(44,961)	(19,223)	(8,398)	10,825
<i>Fund Balance at Beginning of Year</i>	45,372	45,372	45,372	0
<i>Fund Balance at End of Year</i>	\$411	\$26,149	\$36,974	\$10,825

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS 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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$12,293	\$12,293	\$12,819	\$526
Intergovernmental	5,400	5,400	7,866	2,466
Miscellaneous	246	246	211	(35)
<i>Total Receipts</i>	17,939	17,939	20,896	2,957
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	6,400	6,400	5,663	737
Public Works	22,000	22,000	12,892	9,108
<i>Total Disbursements</i>	28,400	28,400	18,555	9,845
<i>Excess of Receipts Over (Under) Disbursements</i>	(10,461)	(10,461)	2,341	12,802
<i>Fund Balance at Beginning of Year</i>	12,071	12,071	12,071	0
<i>Fund Balance at End of Year</i>	\$1,610	\$1,610	\$14,412	\$12,802

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY
*Statement of Receipts , Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Ambulance and EMS Billing Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$29,674	\$29,674	\$30,323	\$649
Charges for Services	60,000	65,327	78,008	12,681
<i>Total Receipts</i>	89,674	95,001	108,331	13,330
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	83,500	89,251	85,918	3,333
Capital Outlay	12,700	12,569	12,352	217
<i>Total Disbursements</i>	96,200	101,820	98,270	3,550
<i>Excess of Receipts Over (Under) Disbursements</i>	(6,526)	(6,819)	10,061	16,880
<i>Fund Balance at Beginning of Year</i>	11,203	11,203	11,203	0
<i>Fund Balance at End of Year</i>	\$4,677	\$4,384	\$21,264	\$16,880

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$98,006</u>
<i>Total Assets</i>	<u>98,006</u>
<u>Net Assets:</u>	
Restricted for:	
Permanent Fund:	
Expendable	2,134
Nonexpendable	3,000
Other Purposes	85,962
Unrestricted	<u>6,910</u>
<i>Total Net Assets</i>	<u><u>\$98,006</u></u>

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY
Statement of Activities
For the Fiscal Year Ended December 31, 2007

	Program Receipts				Net (Disbursements)
	Disbursements	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets
<u>Governmental Activities:</u>					
General Government	\$170,956	\$71,908	\$0	\$7,889	(\$91,159)
Public Safety	28,495	12,585	0	0	(15,910)
Public Works	96,207	0	99,227	0	3,020
Health	32,315	3,755	0	0	(28,560)
Capital Outlay	8,800	0	0	0	(8,800)
<i>Debt Service:</i>					
Principal Retirement	19,603	0	0	0	(19,603)
Interest and Fiscal Charges	4,579	0	0	0	(4,579)
<i>Total Governmental Activities</i>	\$360,955	\$88,248	\$99,227	\$7,889	(165,591)
<u>General Receipts:</u>					
Property Taxes					121,202
Grants and Entitlements not Restricted to Specific Programs					38,557
Earnings on Investments					84
Miscellaneous					1,548
<i>Total General Receipts</i>					161,391
Change in Net Assets					(4,200)
<i>Net Assets at Beginning of Year</i>					102,206
<i>Net Assets at End of Year</i>					\$98,006

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY

Balance Sheet

Governmental Funds

December 31, 2007

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$6,910	\$45,372	\$12,071
<i>Total Assets</i>	<u>\$6,910</u>	<u>\$45,372</u>	<u>\$12,071</u>
<u>Fund Balances:</u>			
<i>Unreserved</i>			
General Fund	\$6,910	\$0	\$0
Special Revenue Funds	0	45,372	12,071
Permanent Fund	0	0	0
<i>Total Fund Balances</i>	<u>\$6,910</u>	<u>\$45,372</u>	<u>\$12,071</u>

See accompanying notes to the basic financial statements.

Ambulance and EMS Billing	Other Governmental Funds	Total Governmental Funds
\$11,203	\$22,450	\$98,006
\$11,203	\$22,450	\$98,006
\$0	\$0	\$6,910
11,203	17,316	85,962
0	5,134	5,134
\$11,203	\$22,450	\$98,006

PAXTON TOWNSHIP, ROSS COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road and Bridge
<u>Receipts:</u>			
Property Taxes	\$30,236	\$0	\$11,753
Charges for Services	7,900	0	0
Licenses, Permits and Fees	0	0	0
Intergovernmental	39,509	88,765	8,173
Earnings on Investments	362	1,448	0
Miscellaneous	341	0	212
<i>Total Receipts</i>	<u>78,348</u>	<u>90,213</u>	<u>20,138</u>
<u>Disbursements:</u>			
<i>Current:</i>			
General Government	71,179	18,008	3,173
Public Safety	4,500	0	0
Public Works	0	68,388	16,799
Health	0	0	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	0	10,948	0
Interest and Fiscal Charges	0	3,225	0
<i>Total Disbursements</i>	<u>75,679</u>	<u>100,569</u>	<u>19,972</u>
<i>Net Change in Fund Balances</i>	2,669	(10,356)	166
<i>Fund Balances at Beginning of Year</i>	<u>4,241</u>	<u>55,728</u>	<u>11,905</u>
<i>Fund Balances at End of Year</i>	<u>\$6,910</u>	<u>\$45,372</u>	<u>\$12,071</u>

See accompanying notes to the basic financial statements.

Ambulance and EMS Billing	Other Governmental Funds	Total Governmental Funds
\$31,200	\$47,648	\$120,837
66,535	0	74,435
0	9,105	9,105
0	8,454	144,901
0	283	2,093
0	4,831	5,384
<u>97,735</u>	<u>70,321</u>	<u>356,755</u>
78,085	511	170,956
0	23,995	28,495
0	11,020	96,207
0	32,315	32,315
8,800	0	8,800
0	8,655	19,603
0	1,354	4,579
<u>86,885</u>	<u>77,850</u>	<u>360,955</u>
10,850	(7,529)	(4,200)
353	29,979	102,206
<u>\$11,203</u>	<u>\$22,450</u>	<u>\$98,006</u>

PAXTON TOWNSHIP, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$26,472	\$30,236	\$30,236	\$0
Charges for Services	9,646	5,000	7,900	2,900
Intergovernmental	40,568	42,101	39,509	(2,592)
Earnings on Investments	0	425	362	(63)
Miscellaneous	0	1,456	341	(1,115)
<i>Total Receipts</i>	76,686	79,218	78,348	(870)
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	74,850	77,081	71,179	5,902
Public Works	4,500	4,500	4,500	0
<i>Total Disbursements</i>	79,350	81,581	75,679	5,902
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,664)	(2,363)	2,669	5,032
<i>Fund Balance at Beginning of Year</i>	4,241	4,241	4,241	0
<i>Fund Balance at End of Year</i>	\$1,577	\$1,878	\$6,910	\$5,032

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Gasoline Tax Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$30,567	\$53,484	\$88,765	\$35,281
Earnings on Investments	0	1,750	1,448	(302)
<i>Total Receipts</i>	30,567	55,234	90,213	34,979
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	18,944	18,944	18,008	936
Public Works	69,301	71,301	68,388	2,913
<i>Debt Service:</i>				
Principal Retirement	0	11,000	10,948	52
Interest and Fiscal Charges	3,225	3,225	3,225	0
<i>Total Disbursements</i>	91,470	104,470	100,569	3,901
<i>Excess of Receipts Over Disbursements</i>	(60,903)	(49,236)	(10,356)	38,880
<i>Fund Balance at Beginning of Year</i>	55,728	55,728	55,728	0
<i>Fund Balance at End of Year</i>	(\$5,175)	\$6,492	\$45,372	\$38,880

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS 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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$10,652	\$10,652	\$11,753	\$1,101
Intergovernmental	23,266	6,594	8,173	1,579
Miscellaneous	376	376	212	(164)
<i>Total Receipts</i>	34,294	17,622	20,138	2,516
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	3,400	3,400	3,173	227
Public Works	20,250	20,250	16,799	3,451
<i>Total Disbursements</i>	23,650	23,650	19,972	3,678
<i>Excess of Receipts Over (Under) Disbursements</i>	10,644	(6,028)	166	6,194
<i>Fund Balance at Beginning of Year</i>	11,905	11,905	11,905	0
<i>Fund Balance at End of Year</i>	\$22,549	\$5,877	\$12,071	\$6,194

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY
*Statement of Receipts , Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Ambulance and EMS Billing Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$29,573	\$30,657	\$31,200	\$543
Charges for Services	49,000	58,370	66,535	8,165
<i>Total Receipts</i>	78,573	89,027	97,735	8,708
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	57,000	79,073	78,085	988
Capital Outlay	5,800	8,800	8,800	0
<i>Total Disbursements</i>	62,800	87,873	86,885	988
<i>Excess of Receipts Over (Under) Disbursements</i>	15,773	1,154	10,850	9,696
<i>Fund Balance at Beginning of Year</i>	353	353	353	0
<i>Fund Balance at End of Year</i>	\$16,126	\$1,507	\$11,203	\$9,696

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 1 – Reporting Entity

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

The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries and fire and emergency service protection.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, 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 cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

PAXTON TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies – (Continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

The following is the Township's major governmental funds:

General Fund – This fund is used to account for all financial resources, except those required to be accounted for in another fund.

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

Road and Bridge Fund – This fund is comprised of property taxes designated for the repair and maintenance of Township roads and bridges.

Ambulance and EMS Billing Fund – This fund receives money from the charges for ambulance and EMS services.

C. Basis of Accounting

The Township's financial statements are prepared using the 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.

PAXTON TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 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 ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance 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, function, 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 certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

E. Cash and Investments

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

During 2008 and 2007, the Township had no investments.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$328 which includes \$110 assigned from other Township funds. The interest receipts credited to the General Fund during 2007 was \$362 which includes \$141 assigned from other Township funds.

F. Inventory and Prepaid Items

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

PAXTON TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies – (Continued)

G. Capital Assets

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

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postemployment health care benefits.

K. Long-Term Obligations

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

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for state grants reported in special revenue funds.

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

M. Fund Balance Reserves

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

PAXTON TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Ambulance and EMS Billing Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the cash basis for the years ended December 31, 2008 and 2007.

Note 4 – 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.

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;
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;

PAXTON TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 4 – Deposits and Investments – (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 (STAR Ohio).

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

Custodial credit risk is the risk that in the event of bank failure, the Township’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

At December 31, 2008, the carrying amount of all Township deposits was \$104,053. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2008, none of the Township’s bank balance of \$116,227 was exposed to custodial risk as discussed above while \$116,227 was covered by Federal Deposit Insurance.

At December 31, 2007, the carrying amount of all Township deposits was \$98,006. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2007, none of the Township’s bank balance of \$101,194 was exposed to custodial risk as discussed above while \$101,194 was covered by Federal Deposit Insurance.

Custodial Credit Risk: The Township has no formal investment policy, but requires that deposits follow the Ohio Revised Code.

Investments

As of December 31, 2008 and 2007, the Township had no investments.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first half is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

PAXTON TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 5 – Property Taxes – (Continued)

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is being phased out. For 2007, tangible personal property tax was assessed at 12.50 percent for property, including inventory. This percentage was reduced to 6.25 percent for 2008, and will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 30.

The full tax rate for all Township operations for the year ended December 31, 2008 and 2007, was \$9.00 per \$1000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 and 2007 property tax receipts were based are as follows:

Real Property:	2008	2007
Residential/Agricultural	\$18,919,800	\$16,307,980
Commercial/Industrial	2,238,480	1,826,950
Personal Property	701,900	757,700
Public Utility	677,560	1,076,740
Total Assessed Value	\$22,537,740	\$19,969,370

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008 and 2007, the Township contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Ohio Government Risk Management Plan	General Liability	\$2,000,000
	Wrongful Acts	2,000,000
	Legal Liability	2,000,000
	Vehicle	2,000,000

Ohio Government Risk Management Plan financial statements reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (latest information available):

Combined Coverage	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Retained Earnings	\$6,862,902	\$6,290,528

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

PAXTON TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 6 – Risk Management – (Continued)

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 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 that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.10 percent of their annual covered salary; members in public safety contributed 10.10 percent. The Township's contribution rate for pension benefits for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.75 percent. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.17 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations for the years ended December 31, 2008, 2007, and 2006 were \$21,038 \$19,470 and \$13,035, respectively. The full amount has been contributed for 2008, 2007 and 2006.

PAXTON TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14.0 percent of covered payroll (17.4 percent for public safety and law enforcement); 7.0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 4.0 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.3 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans for December 31, 2008 and December 31, 2007 were 363,503 and 364,076, respectively. Actual employer contributions for 2008 and 2007 which were used to fund postemployment benefits were \$10,519 and \$6,326 respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 – Debt (Capital Leases)

The Township has entered into agreements to lease Vehicles. Such agreements are, in substance, lease purchases. Capital lease payments are reflected as debt service in the financial statements.

Lease amounts outstanding at December 31, 2008 were as follows:

Description of Issue	Interest Rate	Principal Balance 12-31-07	Issued in 2008	Retired In 2008	Principal Balance 12-31-08	Due in 1 Year
Ambulance	4.40%	\$9,786	\$0	\$9,786	\$0	\$0
Dump Truck	5.00%	48,635	0	11,324	37,311	11,903
		<u>\$58,421</u>	<u>\$0</u>	<u>\$21,110</u>	<u>\$37,311</u>	<u>\$11,903</u>

PAXTON TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 9 – Debt (Capital Leases) – (Continued)

Lease amounts outstanding at December 31, 2007 were as follows:

Description of Issue	Interest Rate	Principal Balance 12-31-06	Issued in 2007	Retired in 2007	Principal Balance 12-31-07	Due in 1 Year
Ambulance	4.40%	\$18,441	\$0	\$8,655	\$9,786	\$9,786
Dump Truck	5.00%	59,583	0	10,948	48,635	11,324
		<u>\$78,024</u>	<u>\$0</u>	<u>\$19,603</u>	<u>\$58,421</u>	<u>\$21,110</u>

On March 15, 2004 the Township entered into a lease/purchase agreement with Republic First National Corporation for an Ambulance. Per the term of the lease, ownership of the Ambulance will be transferred to the Township after 5 years. The 5 year term is broken into 5 annual renewals of payments in installments of \$10,009, including interest. The Township prepaid the January 1, 2005 payment in December of 2004. The lease was fully repaid during 2008.

On August 1, 2004, the Township entered into a lease/purchase agreement with Republic First National Corporation for a Dump Truck. Per the term of the lease, ownership of the Dump Truck will be transferred to the Township after 7 years for the purchase price of \$1. The 7 year term is broken into annual renewals of payments in installments of \$13,970, including interest. The Lease is collateralized by the Dump Truck. The Township also has an early purchase option to purchase the Dump Truck at the end of any annual lease term.

Amortization of the Dump Truck Lease is scheduled as follows:

Year Ending December 31:	Principal	Interest
2009	\$11,903	\$2,067
2010	12,482	1,488
2011	12,926	1,044
Total	<u>\$37,311</u>	<u>\$4,599</u>

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**Independent Accountant’s Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards**

Board of Trustees
Paxton Township, Ross County
P.O. Box 217
Bainbridge, OH 45612

We have audited the accompanying financial statements of Paxton Township, Ross County, Ohio the (Township) , as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 2, 2009. As discussed in Note 2, the Township followed the cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township’s internal control will not prevent or detect a more-than-inconsequential financial statement misstatement. We consider the deficiency described as item 2008-001 in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We believe the deficiency in internal control over financial reporting described above is a material weakness.

Board of Trustees
Paxton Township, Ross County
Independent Accountant's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards

Compliance and Other Matters

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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2008-001.

We also noted certain matters that we reported to the Township's management in a separate letter dated June 2, 2009.

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

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

June 2, 2009

PAXTON TOWNSHIP
Schedule of Findings
For the Year Ended December 31, 2008 and 2007

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

Finding Number 2008-001

Financial Record Keeping - Significant Deficiency/ Material Weakness/Material Noncompliance

Ohio Administrative Code (OAC) Section 117-2-02(A) directs all public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, and analyze, classify, record, and report its transactions, maintain accountability for the related assets, and prepare financial statements required by Rule 117-2-03 of the OAC. OAC Section 117-2-02(D) allows the records to be maintained manually or in a computerized format and requires the following: (1) Cash journal with the amount, date, receipt number, check number, account code, and any other information necessary to properly classify the transaction; (2) Receipts ledger to assemble and classify receipts into separate accounts for each type of receipt of each fund consisting of the amount, date, name of the payer, purpose, receipt number, and other information necessary to record the transaction on this ledger, and; (3) Appropriation ledger to assemble and classify disbursements into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, date, fund, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations, and any other information required may be entered in the appropriate columns.

The Township has a billing account for MBI Solutions, who handles the EMS billings for them. This account has activities that are not recorded on the Township's financial statements including additional charges for services, bank service charges and cash balance at year end. In addition, a reclassification of EMS billings was necessary to move receipts from miscellaneous receipts to charges for services. Debt principal payments were incorrectly classified as Public Works and Public Safety in the Township's accounting records. These incorrect classifications of receipts and disbursements at the fund level, also resulted in errors of classification at the government wide level. Reclassifications were necessary to properly record disbursements and program revenues on the statement of activities. This did not allow the Fiscal Officer to accurately reflect the receipt and disbursement transactions of the Township.

The fact that the omission error resulting in audit adjustment entries and the reclassifications occurred, indicates a significant deficiency in the internal controls over financial record keeping and reporting and resulted in the inaccurate reflection of the transactions and cash balance of the statement of activities, the Gasoline Tax Fund, the Ambulance and Emergency Medical Services Fund and other governmental funds for both 2008 and 2007.

We recommend the Fiscal Officer review the requirements of OAC Section 117-2-02 and maintain the receipt ledger, the appropriation ledger, and the cash journal in the manner prescribed therein.

Officials' Response

After reviewing the information and discussing the posting errors associated with the above transactions, I agree that they should have been posted as noted above. We will correct this in the future and will post the transactions into debt service expenditures and intergovernmental receipts, per the language in the disbursement and revenue code descriptions.

PAXTON TOWNSHIP
Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2008

Finding Number	Description	Status	Comments
<i>Government Auditing Standards:</i>			
2006-01	The Township transferred money from funds other than the General Fund.	Corrected	N/A



Mary Taylor, CPA
Auditor of State

PAXTON TOWNSHIP

ROSS 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
JULY 7, 2009**