



*PAXTON TOWNSHIP, ROSS COUNTY*

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Regular Audit

For the Years Ended  
December 31, 2010 and 2009

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

Board of Trustees  
Paxton Township  
258 U. S. Route 50  
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, 2009 through December 31, 2010. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

September 28, 2011

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**PAXTON TOWNSHIP, ROSS COUNTY**  
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*For the Years Ended December 31, 2010 and 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, 2010 and 2009, 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, 2010 and 2009, and the respective changes in financial position and the respective budgetary comparisons for the General, Gasoline Tax, Cemetery, Special Levy, 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 July 15, 2011 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.

July 15, 2011



**PAXTON TOWNSHIP, ROSS COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2010 and 2009**  
**Unaudited**

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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, 2010 and 2009, 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. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Highlights**

Key highlights for 2010 and 2009 are as follows:

Net assets of governmental activities increased \$18,863 or 17.58 percent in 2010. Net assets of governmental activities increased \$2,740 or 2.62 percent in 2009.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent respectively 34.38 and 9.13 percent of the total cash received in 2010 for governmental activities during the year. Property tax receipts for 2010 changed very little compared to 2009 as development within the Township has slowed. Property taxes and grants and entitlements not restricted to specific programs, represent respectively 31.06 and 9.24 percent of the total cash received in 2009 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, 2010 and 2009**  
**Unaudited**

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**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 2010 and 2009, 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, 2010 and 2009**  
**Unaudited**

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**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 for 2010 are the General, Gasoline Tax, and Ambulance and EMS Billing Funds and for 2009: General, Gasoline Tax, Cemetery, Special Levy 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 2010, 2009, and 2008 for comparison on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2010	2009	Restated 2008
<b>Assets</b>			
Cash & Cash Equivalents	\$126,181	\$107,318	\$104,578
Total Assets	\$126,181	\$107,318	\$104,578
<b>Net Assets</b>			
<i>Restricted for:</i>			
Permanent Fund:			
Expendable	2,534	2,399	2,264
Nonexpendable	3,000	3,000	3,000
Other Purposes	97,851	88,825	83,682
Unrestricted	22,796	13,094	15,632
Total Net Assets	\$126,181	\$107,318	\$104,578

**PAXTON TOWNSHIP, ROSS COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2010 and 2009**  
**Unaudited**

As mentioned previously, net assets of governmental activities increased \$18,863 or 17.58 percent during 2010. Net assets of governmental activities increased \$2,740 or 2.62 during 2009.

Table 2 reflects the changes in net assets in 2010, 2009, and 2008.

(Table 2)  
Changes in Net Assets

	Governmental Activities		
	2010	2009	Restated 2008
<b><u>Receipts</u></b>			
<i>Program Receipts:</i>			
Charges for Services and Sales	\$95,289	\$61,213	\$96,708
Operating Grants and Contributions	99,052	97,902	105,158
Capital Grants and Contributions	0	0	7,848
<b>Total Program Receipts</b>	<b>194,341</b>	<b>159,115</b>	<b>209,714</b>
<i>General Receipts:</i>			
Property Taxes	124,811	118,124	118,401
Grants and Entitlements Not Restricted	33,151	35,131	40,905
Earnings on Investments	545	1,020	129
Proceeds of Loans	0	30,000	0
Miscellaneous	10,211	36,961	1,259
<b>Total General Receipts</b>	<b>168,718</b>	<b>221,236</b>	<b>160,694</b>
<b>Total Receipts</b>	<b>363,059</b>	<b>380,351</b>	<b>370,408</b>
<b><u>Disbursements:</u></b>			
General Government	159,403	177,528	178,180
Public Safety	42,928	26,749	30,313
Public Works	86,257	105,766	94,991
Health	25,473	11,230	24,021
Capital Outlay	7,511	42,368	12,352
Principal Retirement	19,457	11,324	21,110
Interest and Fiscal Charges	3,167	2,646	2,869
<b>Total Disbursements</b>	<b>344,196</b>	<b>377,611</b>	<b>363,836</b>
 Increase (Decrease) in Net Assets	 18,863	 2,740	 6,572
 Net Assets at January 1	 107,318	 104,578	 98,006
 Net Assets at December 31	 <b>\$126,181</b>	 <b>\$107,318</b>	 <b>\$104,578</b>

Program receipts represent 53.53 percent of total receipts during 2010 and 41.83 percent of total receipts during 2009. 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, 2010 and 2009**  
**Unaudited**

General receipts represent 46.47 percent in 2010 and 58.17 percent in 2009 of the Township's total receipts, and of this amount, 34.38 percent in 2010 and 31.06 percent in 2009 are property taxes. State and federal grants and entitlements make up 9.13 percent in 2010 and 9.24 percent in 2009 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 \$159,403 or 46.31 percent in 2010 and \$177,528 or 47.01 percent in 2009 of all governmental disbursements, respectively. Public Works also represents a significant cost, about 25.06 percent in 2010 and 28.01 percent in 2009. 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 2010, 2009, and 2008 is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost of Services
	2010	2010	2009	2009	Restated 2008	Restated 2008
General Government	\$159,403	\$140,143	\$177,528	\$164,354	\$178,180	\$93,756
Public Safety	42,928	(32,872)	26,749	(20,951)	30,313	8,994
Public Works	86,257	(9,491)	105,766	10,575	94,991	(6,380)
Health	25,473	21,940	11,230	8,180	24,021	21,421
Capital Outlay	7,511	7,511	42,368	42,368	12,352	12,352
Principal Retirement	19,457	19,457	11,324	11,324	21,110	21,110
Interest and Fiscal Charges	3,167	3,167	2,646	2,646	2,869	2,869
<b>Total Expenses</b>	<b>\$344,196</b>	<b>\$149,855</b>	<b>\$377,611</b>	<b>\$218,496</b>	<b>\$363,836</b>	<b>\$154,122</b>

The dependence upon property tax receipts is apparent as 43.54 percent in 2010 and 57.86 percent in 2009 of governmental activities are supported through these general receipts.

**PAXTON TOWNSHIP, ROSS COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2010 and 2009**  
**Unaudited**

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**The Township's Funds**

Total governmental funds had receipts of \$363,059 in 2010 and \$350,351 in 2009 and disbursements of \$344,196 in 2010 and \$377,611 in 2009. The greatest changes for 2010 and 2009 within governmental funds occurred within the Gasoline Tax Fund and the Ambulance and EMS Billing Fund. The fund balance of the Gasoline Tax Fund increased \$12,236 in 2010 as the result of receipts exceeding disbursements. The fund balance of the Ambulance and EMS Billing Fund increased \$9,296 in 2010 and \$3,402 in 2009 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 2010, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$10,471 from the original budgeted receipts due to increases in property taxes and intergovernmental. There was no difference between final budgeted receipts and actual receipts.

During 2009, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$12,699 from the original budgeted receipts due to an increase in charges for services. There was no difference between final budgeted receipts and actual receipts.

During 2010, General Fund final disbursements were budgeted at \$82,933 while actual disbursements were \$75,189. Final budgeted disbursements decreased \$1,810 from the original budgeted disbursements.

During 2009, General Fund final disbursements were budgeted at \$88,833 while actual disbursements were \$86,417. Final budgeted disbursements increased \$4,600 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.

**PAXTON TOWNSHIP, ROSS COUNTY**

*Statement of Net Assets*

*December 31, 2010*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$126,181</u>
<i>Total Assets</i>	<u>126,181</u>
<b><u>Net Assets:</u></b>	
Restricted for:	
Permanent Fund:	
Expendable	2,534
Nonexpendable	3,000
Other Purposes	97,851
Unrestricted	<u>22,796</u>
<i>Total Net Assets</i>	<u><u>\$126,181</u></u>

See accompanying notes to the basic financial statements.

**PAXTON TOWNSHIP, ROSS COUNTY**  
*Statement of Activities*  
For the Fiscal Year Ended December 31, 2010

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Disbursements	Charges for Services and Sales	Operating Grants, Interest and Contributions	Governmental Activities	
<b><i>Governmental Activities:</i></b>				
General Government	\$159,403	\$15,956	\$3,304	(\$140,143)
Public Safety	42,928	75,800	0	32,872
Public Works	86,257	0	95,748	9,491
Health	25,473	3,533	0	(21,940)
Capital Outlay	7,511	0	0	(7,511)
<i>Debt Service:</i>				
Principal Retirement	19,457	0	0	(19,457)
Interest and Fiscal Charges	3,167	0	0	(3,167)
<i>Total Governmental Activities</i>	<u>\$344,196</u>	<u>\$95,289</u>	<u>\$99,052</u>	<u>(149,855)</u>
 <b><i>General Receipts:</i></b>				
Property Taxes				124,811
Grants and Entitlements not Restricted to Specific Programs				33,151
Earnings on Investments				545
Miscellaneous				10,211
<i>Total General Receipts</i>				<u>168,718</u>
Change in Net Assets				18,863
<i>Net Assets at Beginning of Year</i>				<u>107,318</u>
<i>Net Assets at End of Year</i>				<u>\$126,181</u>

See accompanying notes to the basic financial statements.



**PAXTON TOWNSHIP, ROSS COUNTY**

*Balance Sheet*

*Governmental Funds*

*December 31, 2010*

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	<u>General</u>	<u>Gasoline Tax</u>	<u>Ambulance and EMS Billing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$22,796	\$27,546	\$33,962	\$41,877	\$126,181
<i>Total Assets</i>	<u>\$22,796</u>	<u>\$27,546</u>	<u>\$33,962</u>	<u>\$41,877</u>	<u>\$126,181</u>
<b><u>Fund Balances:</u></b>					
Reserved for Encumbrances	\$1,212	\$1,443	\$2,414	\$0	\$5,069
<i>Unreserved</i>					
General Fund	21,584	0	0	0	21,584
Special Revenue Funds	0	26,103	31,548	36,343	93,994
Permanent Fund	0	0	0	5,534	5,534
<i>Total Fund Balances</i>	<u>\$22,796</u>	<u>\$27,546</u>	<u>\$33,962</u>	<u>\$41,877</u>	<u>\$126,181</u>

See accompanying notes to the basic financial statements.

**PAXTON TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General	Gasoline Tax	Ambulance and EMS Billing	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>					
Property Taxes	\$32,744	\$0	\$30,646	\$61,421	\$124,811
Charges for Services	8,200	0	67,600	0	75,800
Licenses, Permits and Fees	0	0	0	9,350	9,350
Intergovernmental	39,758	87,889	0	11,162	138,809
Earnings on Investments	192	135	0	218	545
Miscellaneous	2,785	1,115	6,048	3,796	13,744
<i>Total Receipts</i>	<u>83,679</u>	<u>89,139</u>	<u>104,294</u>	<u>85,947</u>	<u>363,059</u>
<b><u>Disbursements:</u></b>					
<i>Current:</i>					
General Government	60,472	10,502	82,487	5,942	159,403
Public Safety	8,428	600	5,000	28,900	42,928
Public Works	0	64,409	0	21,848	86,257
Health	0	0	0	25,473	25,473
Capital Outlay	0	0	7,511	0	7,511
<i>Debt Service:</i>					
Principal Retirement	5,077	0	0	14,380	19,457
Interest and Fiscal Charges	0	1,392	0	1,775	3,167
<i>Total Disbursements</i>	<u>73,977</u>	<u>76,903</u>	<u>94,998</u>	<u>98,318</u>	<u>344,196</u>
<i>Net Change in Fund Balances</i>	9,702	12,236	9,296	(12,371)	18,863
<i>Fund Balances at Beginning of Year</i>	<u>13,094</u>	<u>15,310</u>	<u>24,666</u>	<u>54,248</u>	<u>107,318</u>
<i>Fund Balances at End of Year</i>	<u><u>\$22,796</u></u>	<u><u>\$27,546</u></u>	<u><u>\$33,962</u></u>	<u><u>\$41,877</u></u>	<u><u>\$126,181</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)  
General Fund  
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$28,790	\$32,744	\$32,744	\$0
Charges for Services	6,000	8,200	8,200	0
Licenses, Permits and Fees	400	0	0	0
Intergovernmental	33,768	39,758	39,758	0
Earnings on Investments	250	192	192	0
Miscellaneous	4,000	2,785	2,785	0
<i>Total Receipts</i>	73,208	83,679	83,679	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	76,243	69,106	61,684	7,422
Public Safety	8,500	8,750	8,428	322
<i>Debt Service:</i>				
Principal Retirement	0	5,077	5,077	0
<i>Total Disbursements</i>	84,743	82,933	75,189	7,744
<i>Excess of Receipts Over (Under) Disbursements</i>	(11,535)	746	8,490	7,744
<i>Fund Balance at Beginning of Year</i>	12,776	12,776	12,776	0
Prior Year Encumbrances Appropriated	318	318	318	0
<i>Fund Balance at End of Year</i>	\$1,559	\$13,840	\$21,584	\$7,744

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$96,000	\$87,889	\$87,889	\$0
Earnings on Investments	600	135	135	0
Miscellaneous	632	1,115	1,115	0
<i>Total Receipts</i>	97,232	89,139	89,139	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	12,400	10,600	10,502	98
Public Safety	3,500	600	600	0
Public Works	93,711	91,857	65,852	26,005
<i>Debt Service:</i>				
Interest and Fiscal Charges	1,392	1,392	1,392	0
<i>Total Disbursements</i>	111,003	104,449	78,346	26,103
<i>Excess of Receipts Over Disbursements</i>	(13,771)	(15,310)	10,793	26,103
<i>Fund Balance at Beginning of Year</i>	14,600	14,599	14,599	0
Prior Year Encumbrances Appropriated	711	711	711	0
<i>Fund Balance at End of Year</i>	\$1,540	\$0	\$26,103	\$26,103

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$29,730	\$30,646	\$30,646	\$0
Charges for Services	65,000	67,600	67,600	0
Miscellaneous	3,000	5,638	6,048	410
<i>Total Receipts</i>	97,730	103,884	104,294	410
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	99,565	98,065	84,901	13,164
Public Safety	5,000	5,000	5,000	0
Capital Outlay	6,500	8,000	7,511	489
<i>Total Disbursements</i>	111,065	111,065	97,412	13,653
<i>Excess of Receipts Over (Under) Disbursements</i>	(13,335)	(7,181)	6,882	14,063
<i>Fund Balance at Beginning of Year</i>	24,101	24,101	24,101	0
Prior Year Encumbrances Appropriated	565	565	565	0
<i>Fund Balance at End of Year</i>	\$11,331	\$17,485	\$31,548	\$14,063

See accompanying notes to the basic financial statements.

**PAXTON TOWNSHIP, ROSS COUNTY**

*Statement of Net Assets*

*December 31, 2009*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$107,318</u>
<i>Total Assets</i>	<u>107,318</u>
<b><u>Net Assets:</u></b>	
<i>Restricted for:</i>	
<i>Permanent Fund:</i>	
Expendable	2,399
Nonexpendable	3,000
Other Purposes	88,825
Unrestricted	<u>13,094</u>
<i>Total Net Assets</i>	<u><u>\$107,318</u></u>

See accompanying notes to the basic financial statements.

**PAXTON TOWNSHIP, ROSS COUNTY**  
*Statement of Activities*  
For the Fiscal Year Ended December 31, 2009

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants, Interest and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>				
General Government	\$177,528	\$10,463	\$2,711	(\$164,354)
Public Safety	26,749	47,700	0	20,951
Public Works	105,766	0	95,191	(10,575)
Health	11,230	3,050	0	(8,180)
Capital Outlay	42,368	0	0	(42,368)
<i>Debt Service:</i>				
Principal Retirement	11,324	0	0	(11,324)
Interest and Fiscal Charges	2,646	0	0	(2,646)
<i>Total Governmental Activities</i>	<u>\$377,611</u>	<u>\$61,213</u>	<u>\$97,902</u>	<u>(218,496)</u>
<b><u>General Receipts:</u></b>				
Property Taxes				118,124
Grants and Entitlements not Restricted to Specific Programs				35,131
Earnings on Investments				1,020
Proceeds of Loans				30,000
Miscellaneous				36,961
<i>Total General Receipts</i>				<u>221,236</u>
Change in Net Assets				2,740
<i>Net Assets at Beginning of Year, As Restated (See Note 3)</i>				<u>104,578</u>
<i>Net Assets at End of Year</i>				<u>\$107,318</u>

See accompanying notes to the basic financial statements.

**PAXTON TOWNSHIP, ROSS COUNTY**

*Balance Sheet  
Governmental Funds  
December 31, 2009*

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	<u>General</u>	<u>Gasoline Tax</u>	<u>Cemetery</u>	<u>Special Levy</u>
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$13,094</u>	<u>\$15,310</u>	<u>\$10,556</u>	<u>\$12,431</u>
<i>Total Assets</i>	<u><u>\$13,094</u></u>	<u><u>\$15,310</u></u>	<u><u>\$10,556</u></u>	<u><u>\$12,431</u></u>
<b><u>Fund Balances:</u></b>				
Reserved for Encumbrances	\$318	\$711	\$0	\$0
<i>Unreserved</i>				
General Fund	12,776	0	0	0
Special Revenue Funds	0	14,599	10,556	12,431
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Fund Balances</i>	<u><u>\$13,094</u></u>	<u><u>\$15,310</u></u>	<u><u>\$10,556</u></u>	<u><u>\$12,431</u></u>

See accompanying notes to the basic financial statements.



Ambulance and EMS Billing	Other Governmental Funds	Total Governmental Funds
\$24,666	\$31,261	\$107,318
<u>\$24,666</u>	<u>\$31,261</u>	<u>\$107,318</u>
\$565	\$0	\$1,594
0	0	12,776
24,101	25,862	87,549
<u>0</u>	<u>5,399</u>	<u>5,399</u>
<u>\$24,666</u>	<u>\$31,261</u>	<u>\$107,318</u>

**PAXTON TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General	Gasoline Tax	Cemetery	Special Levy
<b><u>Receipts:</u></b>				
Property Taxes	\$30,704	\$0	\$0	\$14,590
Charges for Services	16,350	0	0	0
Licenses, Permits and Fees	0	0	9,475	0
Intergovernmental	36,118	87,414	28	70
Earnings on Investments	293	490	0	0
Miscellaneous	96	183	3,250	2,516
<i>Total Receipts</i>	<u>83,561</u>	<u>88,087</u>	<u>12,753</u>	<u>17,176</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	78,581	12,259	0	67
Public Safety	3,074	2,817	0	7,052
Public Works	4,444	81,185	500	0
Health	0	0	2,578	0
Capital Outlay	0	0	0	30,104
<i>Debt Service:</i>				
Principal Retirement	0	11,324	0	0
Interest and Fiscal Charges	0	2,646	0	0
<i>Total Disbursements</i>	<u>86,099</u>	<u>110,231</u>	<u>3,078</u>	<u>37,223</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds of Loans	0	0	0	30,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,000</u>
<i>Net Change in Fund Balances</i>	(2,538)	(22,144)	9,675	9,953
<i>Fund Balances at Beginning of Year, As Restated (See Note 3)</i>	<u>15,632</u>	<u>37,454</u>	<u>881</u>	<u>2,478</u>
<i>Fund Balances at End of Year</i>	<u><u>\$13,094</u></u>	<u><u>\$15,310</u></u>	<u><u>\$10,556</u></u>	<u><u>\$12,431</u></u>

See accompanying notes to the basic financial statements.

<u>Ambulance and EMS Billing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$29,809	\$43,021	\$118,124
31,350	0	47,700
0	0	9,475
0	10,419	134,049
0	237	1,020
<u>33,938</u>	<u>0</u>	<u>39,983</u>
<u>95,097</u>	<u>53,677</u>	<u>350,351</u>
79,431	7,190	177,528
0	13,806	26,749
0	19,637	105,766
0	8,652	11,230
12,264	0	42,368
0	0	11,324
<u>0</u>	<u>0</u>	<u>2,646</u>
<u>91,695</u>	<u>49,285</u>	<u>377,611</u>
<u>0</u>	<u>0</u>	<u>30,000</u>
<u>0</u>	<u>0</u>	<u>30,000</u>
3,402	4,392	2,740
<u>21,264</u>	<u>26,869</u>	<u>104,578</u>
<u>\$24,666</u>	<u>\$31,261</u>	<u>\$107,318</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, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$28,212	\$30,704	\$30,704	\$0
Charges for Services	6,000	16,350	16,350	0
Intergovernmental	36,120	36,118	36,118	0
Earnings on Investments	330	293	293	0
Miscellaneous	200	96	96	0
<i>Total Receipts</i>	70,862	83,561	83,561	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	74,233	80,355	78,899	1,456
Public Works	5,500	4,034	3,074	960
Public Works	4,500	4,444	4,444	0
<i>Total Disbursements</i>	84,233	88,833	86,417	2,416
<i>Excess of Receipts Over (Under) Disbursements</i>	(13,371)	(5,272)	(2,856)	2,416
<i>Fund Balance at Beginning of Year</i>	15,632	15,632	15,632	0
<i>Fund Balance at End of Year</i>	\$2,261	\$10,360	\$12,776	\$2,416

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, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$95,868	\$87,414	\$87,414	\$0
Earnings on Investments	1,364	490	490	0
Miscellaneous	0	0	183	183
<i>Total Receipts</i>	97,232	87,904	88,087	183
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	15,800	12,300	12,259	41
Public Safety	3,000	3,000	2,817	183
Public Works	109,824	93,794	81,896	11,898
<i>Debt Service:</i>				
Principal Retirement	0	11,324	11,324	0
Interest and Fiscal Charges	2,646	2,646	2,646	0
<i>Total Disbursements</i>	131,270	123,064	110,942	12,122
<i>Excess of Receipts Over Disbursements</i>	(34,038)	(35,160)	(22,855)	12,305
<i>Fund Balance at Beginning of Year</i>	37,454	37,454	37,454	0
<i>Fund Balance at End of Year</i>	\$3,416	\$2,294	\$14,599	\$12,305

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)  
Cemetery Fund  
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$30	\$28	\$28	\$0
Licenses, permits and Fees	6,950	9,475	9,475	0
Miscellaneous	6,680	3,250	3,250	0
<i>Total Receipts</i>	13,660	12,753	12,753	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	500	500	500	0
Health	12,100	12,100	2,578	9,522
<i>Total Disbursements</i>	12,600	12,600	3,078	9,522
<i>Excess of Receipts Over (Under) Disbursements</i>	1,060	153	9,675	9,522
<i>Fund Balance at Beginning of Year</i>	881	881	881	0
<i>Fund Balance at End of Year</i>	\$1,941	\$1,034	\$10,556	\$9,522

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)  
Special Levy Fund  
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$13,587	\$14,590	\$14,590	\$0
Intergovernmental	0	70	70	0
Miscellaneous	2,683	2,516	2,516	0
<i>Total Receipts</i>	16,270	17,176	17,176	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	250	250	67	183
Public Safety	7,700	7,700	7,052	648
Capital Outlay	10,000	40,000	30,104	9,896
<i>Total Disbursements</i>	17,950	47,950	37,223	10,727
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,680)	(30,774)	(20,047)	10,727
<b><u>Other Financing (Uses):</u></b>				
Proceeds of Loans	0	30,000	30,000	0
<i>Total Other Financing (Uses)</i>	0	30,000	30,000	0
<i>Excess of Receipts and Over (Under) Disbursements and Other Financing Uses</i>	(1,680)	(774)	9,953	10,727
<i>Fund Balance at Beginning of Year</i>	2,478	2,478	2,478	0
<i>Fund Balance at End of Year</i>	\$798	\$1,704	\$12,431	\$10,727

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, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$29,254	\$29,809	\$29,809	\$0
Charges for Services	0	31,350	31,350	0
Miscellaneous	63,860	33,716	33,938	222
<i>Total Receipts</i>	93,114	94,875	95,097	222
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	94,000	80,642	79,996	646
Capital Outlay	9,000	12,264	12,264	0
<i>Total Disbursements</i>	103,000	92,906	92,260	646
<i>Excess of Receipts Over (Under) Disbursements</i>	(9,886)	1,969	2,837	868
<i>Fund Balance at Beginning of Year</i>	21,264	21,264	21,264	0
<i>Fund Balance at End of Year</i>	\$11,378	\$23,233	\$24,101	\$868

See accompanying notes to the basic financial statements.



**PAXTON TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**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, 2010 and 2009**

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**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.

**Cemetery Fund** – This fund receives property tax money for maintaining Township cemeteries.

**Special Levy Fund** – This fund receives real estate tax, tangible personal property tax and homestead and roll back tax money to provide fire fighting and emergency services to the Township.

**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, 2010 and 2009**

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**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 2010 and 2009, 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 2010 was \$192 which includes \$109 assigned from other Township funds. The interest receipts credited to the General Fund during 2009 was \$293 which includes \$154 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, 2010 and 2009**

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**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 8 and 9, 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, 2010 and 2009**

**Note 3 – Prior Period Adjustment**

2009 Prior Period Adjustment.

During 2009, the Township voided checks issued in 2008 and reissued the checks. This resulted in a restatement of the prior period cash balance.

	Gas Tax Fund	Other Governmental Funds	Governmental Activities
Net Assets at December 31, 2009	\$36,974	\$26,824	\$104,053
Understatement of Cash and Cash Equivalents	480	45	525
Adjusted Net Assets at December 31, 2009	\$37,454	\$26,869	\$104,578

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Ambulance and EMS Billing Fund 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 cash basis for the years ended December 31, 2010 and 2009 are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as reservations of fund balance (cash balance).

	2010				
	General	Gasoline Tax	Ambulance and EMS Billing		
Net Change in Fund Balance, Budgetary Basis	\$8,490	\$10,793	\$6,882		
Encumbrances	1,212	1,443	2,414		
Net Change in Fund Balance, Cash Basis	\$9,702	\$12,236	\$9,296		

  

	2009				
	General	Gasoline Tax	Cemetery	Special Levy	Ambulance and EMS Billing
Net Change in Fund Balance, Budgetary Basis	\$2,856	(\$22,855)	\$9,675	\$9,953	\$2,837
Encumbrances	318	711	0	0	565
Net Change in Fund Balance, Cash Basis	(\$2,538)	(\$22,144)	\$9,675	\$9,953	\$3,402

**Note 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.

**PAXTON TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**Note 5 – Deposits and Investments** – (Continued)

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;
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.

**PAXTON TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**Note 5 – Deposits and Investments** – (Continued)

At December 31, 2010, the carrying amount of all Township deposits was \$126,181. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2010, none of the Township’s bank balance of \$116,208 was exposed to custodial risk as discussed above while \$116,208 was covered by Federal Deposit Insurance.

At December 31, 2009, the carrying amount of all Township deposits was \$107,318. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2009, none of the Township’s bank balance of \$98,224 was exposed to custodial risk as discussed above while \$98,224 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, 2010 and 2009, the Township had no investments.

**Note 6 – 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 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, 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.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, 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 2010 (other than public utility property) represent collection of 2010 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Tangible personal property is being phased out. For 2009, tangible personal property tax was assessed at 6.25 percent for property, including inventory. This percentage was reduced to zero for 2010. 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.

**PAXTON TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**Note 6 – Property Taxes** – (Continued)

The full tax rate for all Township operations for the year ended December 31, 2010 and 2009, was \$9.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 and 2009 property tax receipts were based are as follows:

	2010	2009
Real Property:		
Residential/Agricultural	\$20,494,200	\$19,138,500
Commercial/Industrial	2,435,940	2,417,290
Personal Property	93,680	197,210
Public Utility	913,160	818,850
Total Assessed Value	\$23,936,980	\$22,571,850

**Note 7 – 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 2010 and 2009, 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, 2010 and 2009:

Combined Coverage	2010	2009
Assets	\$12,036,541	\$11,176,186
Liabilities	(4,845,056)	(4,852,485)
Retained Earnings	\$7,191,485	\$6,323,701

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.

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 is exposed to various risks of property and casualty losses, and injuries to employees.

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



**PAXTON TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**Note 8 – Defined Benefit Pension Plan**

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, 2010, 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 11.1 percent of their annual covered salary; members in public safety contributed 10.5 percent. The Township's contribution rate for pension benefits for 2010 was 8.91 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.87 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2009, 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 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Township's contribution rate for pension benefits for 2009 was 8.12 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.63 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, 2010, 2009, and 2008 were \$19,495, \$22,149 and \$21,038, respectively. The full amount has been contributed for 2010, 2009 and 2008.

**PAXTON TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**Note 9 - Postemployment Benefits**

**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 2010 local government employer contribution rate was 14.0 percent of covered payroll (17.87 percent for public safety and law enforcement); 5.09 percent of covered payroll was the portion that was used to fund health care.

The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees 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.

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, 2009 (the latest information available) were 357,584. Actual employer contributions for 2010 and 2009 which were used to fund postemployment benefits were \$7,088 and \$9,303 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, 2009, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2009. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Note 10 – 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, 2010 were as follows:

Description of Issue	Interest Rate	Principal Balance 12-31-09	Issued in 2010	Retired In 2010	Principal Balance 12-31-10	Due in 1 Year
Ambulance	5.98%	\$30,000	\$0	\$6,880	\$23,120	\$7,260
Dump Truck	5.00%	25,987	0	12,577	13,410	13,410
		<u>\$55,987</u>	<u>\$0</u>	<u>\$19,457</u>	<u>\$36,530</u>	<u>\$20,670</u>

**PAXTON TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**Note 10 – Debt (Capital Leases) – (Continued)**

Lease amounts outstanding at December 31, 2009 were as follows:

Description of Issue	Interest Rate	Principal Balance 12-31-08	Issued in 2009	Retired in 2009	Principal Balance 12-31-09	Due in 1 Year
Ambulance	5.98%	\$0	\$30,000	\$0	\$30,000	\$6,880
Dump Truck	5.00%	37,311	0	11,324	25,987	12,577
		<u>\$37,311</u>	<u>\$30,000</u>	<u>\$11,324</u>	<u>\$55,987</u>	<u>\$19,457</u>

On January 22, 2009 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 \$8,655, including interest. The lease will be fully repaid during 2013.

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 outstanding debt is scheduled as follows:

Year Ending December 31:	Ambulance		Dump Truck	
	Principal	Interest	Principal	Interest
2011	\$7,260	\$1,396	\$13,410	\$560
2012	7,698	957	0	0
2013	8,162	493	0	0
Total	<u>\$23,120</u>	<u>\$2,846</u>	<u>\$13,410</u>	<u>\$560</u>

**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, 2010 and 2009, and have issued our report thereon dated July 15, 2011. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be 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 2010-001.

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.

July 15, 2011

**PAXTON TOWNSHIP**  
**Schedule of Findings**  
**For the Year Ended December 31, 2010 and 2009**

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

*Finding Number 2010-001*

**Financial Record Keeping -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 cash balance at year end. In addition, 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 2010 and 2009.

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, 2010 and 2009*

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<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
	<i>Government Auditing Standards:</i>		
2008-01	Financial Record Keeping	Not Corrected	Reissued as finding 2010-001

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# Dave Yost • 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  
OCTOBER 11, 2011