



PAXTON TOWNSHIP, ROSS COUNTY

Regular Audit

**For the Years Ended
December 31, 2012 and 2011**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Board of Trustees
Paxton Township
P. O. Box 217
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, 2011 through December 31, 2012. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 12, 2013

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Paxton Township (Township), Ross County as of and for the years ended December 31, 2012 and 2011, and related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with cash basis accounting as described in Note 2; this includes determining that the cash basis of accounting is acceptable for the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2012 and 2011, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, Cemetery Fund, Road and Bridge Fund and Ambulance and EMS Billing Fund, thereof for the years then ended in conformity with the accounting basis Note 2 describes.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 10 to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 63, *Financial Reporting, at Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the Township's basic financial statements taken as a whole. Management's Discussion and Analysis includes tables of net position, changes in net position and cost of program services. These tables provide additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 8, 2013 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

May 8, 2013

PAXTON TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
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, 2012 and 2011, 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 2012 and 2011 are as follows:

Net position of governmental activities increased \$5,184 or 4.44 percent in 2012. Net position of governmental activities decreased \$9,425 or 7.47 percent in 2011.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent respectively \$154,292 and 41.21 percent of the total cash received in 2012 for governmental activities during the year. Property tax receipts for 2012 changed very little compared to 2011 as development within the Township has slowed. Property taxes and grants and entitlements not restricted to specific programs, represent respectively \$160,677 and 27.71 percent of the total cash received in 2011 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 position and the statement of activities provide information about the cash activities of the Township as a whole.

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

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

PAXTON TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
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 position and the statement of activities reflect how the Township did financially during 2012 and 2011, within the limitations of the cash basis of accounting. The statement of net position 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 position 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, 2012 and 2011
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 for 2012 are the General, Gasoline Tax, Ambulance and EMS Billing and Cemetery Funds, and for 2011: 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 position for 2012, 2011, and 2010 for comparison on a cash basis:

(Table 1)
Net Position

	Governmental Activities		
	2012	2011	2010
Assets			
Cash & Cash Equivalents	\$121,940	\$116,756	\$126,181
Total Assets	\$121,940	\$116,756	\$126,181
Net Position			
<i>Restricted for:</i>			
Permanent Fund:			
Expendable	2,804	2,669	2,534
Nonexpendable	3,000	3,000	3,000
Other Purposes	102,257	90,628	97,851
Unrestricted	13,879	20,459	22,796
Total Net Position	\$121,940	\$116,756	\$126,181

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

As mentioned previously, net assets of governmental activities increased \$5,184 or 4.44 percent during 2012. Net position of governmental activities decreased \$9,425 or 7.47 during 2011.

Table 2 reflects the changes in net position in 2012, 2011, and 2010.

	(Table 2)		
	Changes in Net Position		
	Governmental Activities		
	2012	2011	2010
<u>Receipts:</u>			
<i>Program Receipts:</i>			
Charges for Services and Sales	\$97,945	\$89,333	\$95,289
Operating Grants and Contributions	104,193	102,000	99,052
Capital Grants and Contributions	5,131	161,749	0
Total Program Receipts	207,269	353,082	194,341
<i>General Receipts:</i>			
Property Taxes	126,141	122,362	124,811
Grants and Entitlements Not Restricted	28,151	38,315	33,151
Earnings on Investments	323	507	545
Miscellaneous	12,495	65,531	10,211
Total General Receipts	167,110	226,715	168,718
Total Receipts	374,379	579,797	363,059
<u>Disbursements:</u>			
General Government	198,556	191,679	159,403
Public Safety	45,176	33,694	42,928
Public Works	81,366	133,157	86,257
Health	18,098	26,468	25,473
Capital Outlay	12,344	176,600	7,511
Principal Retirement	13,021	25,290	19,457
Interest and Fiscal Charges	634	2,334	3,167
Total Disbursements	369,195	589,222	344,196
Increase (Decrease) in Net Position	5,184	(9,425)	18,863
Net Position at January 1	116,756	126,181	107,318
Net Position at December 31	\$121,940	116,756	126,181

Program receipts represent 55.36 percent of total receipts during 2012 and 60.90 percent of total receipts during 2011. 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, 2012 and 2011
Unaudited

General receipts represent 44.64 percent in 2012 and 39.10 percent in 2011 of the Township's total receipts, and of this amount, 75.48 percent in 2012 and 53.97 percent in 2011 are property taxes. State and federal grants and entitlements make up 7.52 percent in 2012 and 6.61 percent in 2011 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 \$198,556 or 53.78 percent in 2012 and \$191,679 or 32.53 percent in 2011 of all governmental disbursements, respectively. Public Works also represents a significant cost, about 22.04 percent in 2012 and 22.60 percent in 2011. 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 2012, 2011, and 2010 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
	2012	2012	2011	2011	2010	2010
General Government	\$198,556	\$108,180	\$191,679	\$110,399	\$159,403	\$140,143
Public Safety	45,176	45,176	33,694	33,294	42,928	(32,872)
Public Works	81,366	(20,149)	133,157	9,529	86,257	(9,491)
Health	18,098	2,720	26,468	10,443	25,473	21,940
Capital Outlay	12,344	12,344	176,600	14,851	7,511	7,511
Principal Retirement	13,021	13,021	25,290	25,290	19,457	19,457
Interest and Fiscal Charges	634	634	2,334	2,334	3,167	3,167
Total Expenses	\$369,195	\$161,926	\$589,222	\$206,140	\$344,196	\$149,855

The dependence upon property tax receipts is apparent as 43.86 percent in 2012 and 34.99 percent in 2011 of governmental activities are supported through these general receipts.

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

The Township's Funds

Total governmental funds had receipts of \$374,379 in 2012 and \$579,797 in 2011 and disbursements of \$369,195 in 2012 and \$589,222 in 2011. The greatest changes for 2012 and 2011 within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$7,114 in 2012 as the result of receipts exceeding disbursements. The fund balance of the Gasoline Tax Fund decreased \$12,024 in 2012 as the result of increased disbursements.

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 2012, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$3,744 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 2011, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$1,716 from the original budgeted receipts due to an increase in miscellaneous receipts. There was no difference between final budgeted receipts and actual receipts.

During 2012, General Fund final disbursements were budgeted at \$83,435 while actual disbursements were \$74,742. Final budgeted disbursements had no change from the original budgeted disbursements.

During 2011, General Fund final disbursements were budgeted at \$100,734 while actual disbursements were \$84,770. Final budgeted disbursements had no change 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 Position

December 31, 2012

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$121,940</u>
<i>Total Assets</i>	<u>121,940</u>
<u>Net Position:</u>	
<i>Restricted for:</i>	
<i>Permanent Fund:</i>	
Expendable	2,804
Nonexpendable	3,000
Other Purposes	102,257
Unrestricted	<u>13,879</u>
<i>Total Net Position</i>	<u><u>\$121,940</u></u>

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY
Statement of Activities
For the Fiscal Year Ended December 31, 2012

	Program Receipts				Net (Disbursements) Receipts and Changes in Net Position
Disbursements	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	Governmental Activities	
<u>Governmental Activities:</u>					
General Government	\$198,556	\$82,567	\$7,809	\$0	(\$108,180)
Public Safety	45,176	0	0	0	(45,176)
Public Works	81,366	0	96,384	5,131	20,149
Health	18,098	15,378	0	0	(2,720)
Capital Outlay	12,344	0	0	0	(12,344)
<i>Debt Service:</i>					
Principal Retirement	13,021	0	0	0	(13,021)
Interest and Fiscal Charges	634	0	0	0	(634)
<i>Total Governmental Activities</i>	\$369,195	\$97,945	\$104,193	\$5,131	(161,926)
 <u>General Receipts:</u>					
Property Taxes					126,141
Grants and Entitlements not Restricted to Specific Programs					28,151
Earnings on Investments					323
Miscellaneous					12,495
<i>Total General Receipts</i>					167,110
Change in Net Position					5,184
<i>Net Position at Beginning of Year</i>					116,756
<i>Net Position at End of Year</i>					\$121,940

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY

*Balance Sheet
Governmental Funds
December 31, 2012*

	<u>General</u>	<u>Gasoline Tax</u>	<u>Ambulance and EMS Billing</u>	<u>Cemetery</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$13,879	\$22,636	\$19,046	\$13,121	\$53,258	\$121,940
<i>Total Assets</i>	<u>\$13,879</u>	<u>\$22,636</u>	<u>\$19,046</u>	<u>\$13,121</u>	<u>\$53,258</u>	<u>\$121,940</u>
<u>Fund Balances:</u>						
Restricted	\$0	\$22,636	\$19,046	\$13,121	\$50,258	\$105,061
Nonspendable	0	0	0	0	3,000	3,000
Unassigned	13,879	0	0	0	0	13,879
<i>Total Fund Balances</i>	<u>\$13,879</u>	<u>\$22,636</u>	<u>\$19,046</u>	<u>\$13,121</u>	<u>\$53,258</u>	<u>\$121,940</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, 2012

	General	Gasoline Tax	Ambulance and EMS Billing	Cemetery	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>						
Property Taxes	\$31,143	\$0	\$31,156	\$0	\$63,842	\$126,141
Charges for Services	4,550	0	78,017	0	0	82,567
Licenses, Permits and Fees	0	0	0	9,848	0	9,848
Intergovernmental	28,151	88,982	0	0	20,341	137,474
Earnings on Investments	102	49	0	0	172	323
Miscellaneous	3,175	168	4,619	7,530	2,534	18,026
Total Receipts	67,121	89,199	113,792	17,378	86,889	374,379
<u>Disbursements:</u>						
<i>Current:</i>						
General Government	73,701	16,800	97,827	0	10,228	198,556
Public Safety	0	850	11,196	0	33,130	45,176
Public Works	0	64,435	0	800	16,131	81,366
Health	0	0	0	11,403	6,695	18,098
Capital Outlay	0	0	7,844	0	4,500	12,344
<i>Debt Service:</i>						
Principal Retirement	0	0	5,521	0	7,500	13,021
Interest and Fiscal Charges	0	0	0	0	634	634
Total Disbursements	73,701	82,085	122,388	12,203	78,818	369,195
Excess of Receipts Over (Under) Disbursements	(6,580)	7,114	(8,596)	5,175	8,071	5,184
<u>Other Financing Sources (Uses):</u>						
Other Financing Sources	0	0	0	0	0	0
Other Financing Uses	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balances	(6,580)	7,114	(8,596)	5,175	8,071	5,184
Fund Balances at Beginning of Year	20,459	15,522	27,642	7,946	45,187	116,756
Fund Balances at End of Year	\$13,879	\$22,636	\$19,046	\$13,121	\$53,258	\$121,940

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$29,000	\$31,143	\$31,143	\$0
Charges for Services	5,000	4,550	4,550	0
Intergovernmental	25,977	28,151	28,151	0
Earnings on Investments	0	102	102	0
Miscellaneous	3,400	3,175	3,175	0
<i>Total Receipts</i>	63,377	67,121	67,121	0
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	83,435	83,435	74,742	8,693
<i>Total Disbursements</i>	83,435	83,435	74,742	8,693
<i>Excess of Receipts Over (Under) Disbursements</i>	(20,058)	(16,314)	(7,621)	8,693
<i>Fund Balance at Beginning of Year</i>	18,950	18,950	18,950	0
Prior Year Encumbrances Appropriated	1,509	1,509	1,509	0
<i>Fund Balance at End of Year</i>	\$401	\$4,145	\$12,838	\$8,693

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$84,550	\$88,982	\$88,982	\$0
Earnings on Investments	200	49	49	0
Miscellaneous	4,200	168	168	0
<i>Total Receipts</i>	88,950	89,199	89,199	0
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	16,800	16,800	16,800	0
Public Safety	850	850	850	0
Public Works	86,774	86,774	65,674	21,100
<i>Total Disbursements</i>	104,424	104,424	83,324	21,100
<i>Excess of Receipts Over Disbursements</i>	(15,474)	(15,225)	5,875	21,100
<i>Fund Balance at Beginning of Year</i>	14,172	14,172	14,172	0
Prior Year Encumbrances Appropriated	1,350	1,350	1,350	0
<i>Fund Balance at End of Year</i>	\$48	\$297	\$21,397	\$21,100

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$29,100	\$31,157	\$31,157	\$0
Charges for Services	74,000	78,017	78,017	0
Miscellaneous	11,000	4,619	4,619	0
<i>Total Receipts</i>	114,100	113,793	113,793	0
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	111,876	111,876	99,797	12,079
Public Safety	14,500	14,500	11,196	3,304
Capital Outlay	14,000	8,479	7,844	635
<i>Debt Service:</i>				
Principal Retirement	0	5,521	5,521	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Disbursements</i>	140,376	140,376	124,358	16,018
<i>Excess of Receipts Over (Under) Disbursements</i>	(26,276)	(26,583)	(10,565)	16,018
<i>Fund Balance at Beginning of Year</i>	25,458	25,458	25,458	0
Prior Year Encumbrances Appropriated	2,183	2,183	2,183	0
<i>Fund Balance at End of Year</i>	\$1,365	\$1,058	\$17,076	\$16,018

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
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Licenses, Permits and Fees	\$9,500	\$9,848	\$9,848	\$0
Miscellaneous	4,900	7,530	7,530	0
<i>Total Receipts</i>	14,400	17,378	17,378	0
<u>Disbursements:</u>				
<i>Current:</i>				
Health	18,590	18,590	11,403	7,187
Public Works	800	800	800	0
<i>Total Disbursements</i>	19,390	19,390	12,203	7,187
<i>Excess of Receipts Over Disbursements</i>	(4,990)	(2,012)	5,175	7,187
<i>Fund Balance at Beginning of Year</i>	7,946	7,946	7,946	0
<i>Fund Balance at End of Year</i>	\$2,956	\$5,934	\$13,121	\$7,187

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY

Statement of Net Position

December 31, 2011

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$116,756</u>
<i>Total Assets</i>	<u>116,756</u>
<u>Net Position:</u>	
<i>Restricted for:</i>	
<i>Permanent Fund:</i>	
Expendable	2,669
Nonexpendable	3,000
Other Purposes	90,628
Unrestricted	<u>20,459</u>
<i>Total Net Position</i>	<u><u>\$116,756</u></u>

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY
Statement of Activities
For the Fiscal Year Ended December 31, 2011

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position	
Disbursements	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	Governmental Activities	
<u>Governmental Activities:</u>					
General Government	\$191,679	\$73,308	\$7,972	\$0	(\$110,399)
Public Safety	33,694	0	400	0	(33,294)
Public Works	133,157	0	123,628	0	(9,529)
Health	26,468	16,025	0	0	(10,443)
Capital Outlay	176,600	0	0	161,749	(14,851)
<i>Debt Service:</i>					
Principal Retirement	25,290	0	0	0	(25,290)
Interest and Fiscal Charges	2,334	0	0	0	(2,334)
<i>Total Governmental Activities</i>	\$589,222	\$89,333	\$132,000	\$161,749	(206,140)
 <u>General Receipts:</u>					
Property Taxes					122,362
Grants and Entitlements not Restricted to Specific Programs					38,315
Earnings on Investments					507
Proceeds of Loans					20,000
Miscellaneous					15,531
<i>Total General Receipts</i>					196,715
Change in Net Position					(9,425)
<i>Net Position at Beginning of Year</i>					126,181
<i>Net Position at End of Year</i>					\$116,756

See accompanying notes to the basic financial statements.

PAXTON TOWNSHIP, ROSS COUNTY

Balance Sheet

Governmental Funds

December 31, 2011

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Ambulance and EMS Billing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$20,459	\$15,522	\$9,135	\$27,642	\$43,999	\$116,757
<i>Total Assets</i>	<u>20,459</u>	<u>15,522</u>	<u>9,135</u>	<u>27,642</u>	<u>43,999</u>	<u>116,757</u>
<u>Fund Balances:</u>						
Restricted	\$0	\$15,522	\$9,135	\$27,642	\$40,998	\$93,297
Nondisposable	0	0	0	0	3,000	3,000
Unassigned	20,459	0	0	0	0	20,459
<i>Total Fund Balances</i>	<u>\$20,459</u>	<u>\$15,522</u>	<u>\$9,135</u>	<u>\$27,642</u>	<u>\$43,998</u>	<u>\$116,756</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, 2011

	General	Gasoline Tax	Road and Bridge	Ambulance and EMS Billing	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>						
Property Taxes	\$31,976	\$0	\$14,227	\$30,225	\$45,934	\$122,362
Charges for Services	4,750	0	0	67,330	0	72,080
Licenses, Permits and Fees	0	0	0	0	13,225	13,225
Intergovernmental	39,543	85,814	199,567	0	8,368	333,292
Earnings on Investments	170	135	0	0	202	507
Miscellaneous	4,485	159	0	9,071	4,616	18,331
<i>Total Receipts</i>	<u>80,924</u>	<u>86,108</u>	<u>213,794</u>	<u>106,626</u>	<u>72,345</u>	<u>559,797</u>
<u>Disbursements:</u>						
<i>Current:</i>						
General Government	78,461	12,553	5,417	92,685	2,563	191,679
Public Safety	2,300	600	0	5,410	25,384	33,694
Public Works	2,500	71,010	54,852	0	4,795	133,157
Health	0	0	0	0	26,468	26,468
Capital Outlay	0	0	161,749	14,851	0	176,600
<i>Debt Service:</i>						
Principal Retirement	0	13,410	5,000	0	6,880	25,290
Interest and Fiscal Charges	0	559	0	0	1,775	2,334
<i>Total Disbursements</i>	<u>83,261</u>	<u>98,132</u>	<u>227,018</u>	<u>112,946</u>	<u>67,865</u>	<u>589,222</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,337)	(12,024)	(13,224)	(6,320)	4,480	(29,425)
<u>Other Financing Sources (Uses):</u>						
Proceeds of Loans	0	0	20,000	0	0	20,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
<i>Net Change in Fund Balances</i>	(2,337)	(12,024)	6,776	(6,320)	4,480	(9,425)
<i>Fund Balances at Beginning of Year</i>	<u>22,796</u>	<u>27,546</u>	<u>2,359</u>	<u>33,962</u>	<u>39,518</u>	<u>126,181</u>
<i>Fund Balances at End of Year</i>	<u>\$20,459</u>	<u>\$15,522</u>	<u>\$9,135</u>	<u>\$27,642</u>	<u>\$43,998</u>	<u>\$116,756</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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$31,917	\$31,976	\$31,976	\$0
Charges for Services	7,000	4,750	4,750	0
Intergovernmental	39,615	39,543	39,543	0
Earnings on Investments	150	170	170	0
Miscellaneous	526	4,485	4,485	0
<i>Total Receipts</i>	79,208	80,924	80,924	0
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	91,034	91,034	79,970	11,064
Public Safety	5,000	5,000	2,300	2,700
Public Works	4,700	4,700	2,500	2,200
<i>Total Disbursements</i>	100,734	100,734	84,770	15,964
<i>Excess of Receipts Over (Under) Disbursements</i>	(21,526)	(19,810)	(3,846)	15,964
<i>Fund Balance at Beginning of Year</i>	21,584	21,584	21,584	0
Prior Year Encumbrances Appropriated	1,212	1,212	1,212	0
<i>Fund Balance at End of Year</i>	\$1,270	\$2,986	\$18,950	\$15,964

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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$86,000	\$85,814	\$85,814	\$0
Earnings on Investments	140	135	135	0
Miscellaneous	1,738	159	159	0
<i>Total Receipts</i>	87,878	86,108	86,108	0
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	13,700	13,700	12,553	1,147
Public Safety	600	600	600	0
Public Works	99,962	83,993	72,360	11,633
<i>Debt Service:</i>				
Principal Retirement	0	12,577	12,577	0
Interest and Fiscal Charges	0	1,392	1,392	0
<i>Total Disbursements</i>	114,262	112,262	99,482	12,780
<i>Excess of Receipts Over Disbursements</i>	(26,384)	(26,154)	(13,374)	12,780
<i>Fund Balance at Beginning of Year</i>	26,103	26,103	26,103	0
Prior Year Encumbrances Appropriated	1,443	1,443	1,443	0
<i>Fund Balance at End of Year</i>	\$1,162	\$1,392	\$14,172	\$12,780

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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$12,524	\$14,227	\$14,227	\$0
Intergovernmental	181,587	199,567	199,567	0
Miscellaneous	0	0	0	0
<i>Total Receipts</i>	194,111	213,794	213,794	0
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	5,475	5,475	5,417	58
Public Works	61,585	61,585	54,852	6,733
Capital Outlay	144,410	161,749	161,749	0
<i>Debt Service:</i>				
Principal Retirement	5,000	5,000	5,000	0
<i>Total Disbursements</i>	216,470	233,809	227,018	6,791
<i>Excess of Receipts Over (Under) Disbursements</i>	(22,359)	(20,015)	(13,224)	6,791
<u>Other Financing (Uses):</u>				
Proceeds of Loan	20,000	20,000	20,000	
<i>Total Other Financing (Uses)</i>	20,000	20,000	20,000	0
<i>Excess of Receipts and Over (Under) Disbursements and Other Financing Uses</i>	(2,359)	(15)	6,776	6,791
<i>Fund Balance at Beginning of Year</i>	2,359	2,359	2,359	0
<i>Fund Balance at End of Year</i>	\$0	\$2,344	\$9,135	\$6,791

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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$10,150	\$30,225	\$30,225	\$0
Charges for Services	73,000	67,330	67,330	0
Miscellaneous	10,890	9,071	9,071	0
<i>Total Receipts</i>	94,040	106,626	106,626	0
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	100,454	100,454	94,869	5,585
Public Safety	5,500	5,500	5,410	90
Capital Outlay	15,000	15,000	14,851	149
<i>Total Disbursements</i>	120,954	120,954	115,130	5,824
<i>Excess of Receipts Over (Under) Disbursements</i>	(26,914)	(14,328)	(8,504)	5,824
<i>Fund Balance at Beginning of Year</i>	31,548	31,548	31,548	0
Prior Year Encumbrances Appropriated	2,414	2,414	2,414	0
<i>Fund Balance at End of Year</i>	\$7,048	\$19,634	\$25,458	\$5,824

See accompanying notes to the basic financial statements.

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

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 position 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 position 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 position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental. 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, 2012 and 2011

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.

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

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, 2012 and 2011

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 2012 and 2011, 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 2012 was \$102 which includes \$12 assigned from other Township funds. The interest receipts credited to the General Fund during 2011 was \$170 which includes \$11 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, 2012 and 2011

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 Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position 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 position is available.

M. Fund Balance

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

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

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

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

Note 2 – Summary of Significant Accounting Policies - (continued)

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

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

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

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

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, Ambulance and EMS Billing Fund and Cemetery 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, 2012 and 2011 are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as reservations of fund balance (cash balance).

2012	General	Gasoline Tax	Ambulance and EMS Billing	Cemetery
Net Change in Fund Balance, Budgetary Basis	(\$7,621)	\$5,875	(\$10,565)	\$5,175
Encumbrances	1,041	1,239	1,969	0
Net Change in Fund Balance, Cash Basis	<u>(\$6,580)</u>	<u>\$7,114</u>	<u>(\$8,596)</u>	<u>\$5,175</u>
2011	General	Gasoline Tax	Road and Bridge	Ambulance and EMS Billing
Net Change in Fund Balance, Budgetary Basis	(\$3,846)	(\$13,374)	\$6,776	(\$8,504)
Encumbrances	1,509	1,350	0	2,184
Net Change in Fund Balance, Cash Basis	<u>(\$2,337)</u>	<u>(\$12,024)</u>	<u>\$6,776</u>	<u>(\$6,320)</u>

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

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;
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.

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

Note 4 – Deposits and Investments – (Continued)

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, 2012, the carrying amount of all Township deposits was \$121,940. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of December 31, 2012, none of the Township's bank balance of \$122,442 was exposed to custodial risk as discussed above while \$122,442 was covered by Federal Deposit Insurance.

At December 31, 2011, the carrying amount of all Township deposits was \$116,756. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of December 31, 2011, none of the Township's bank balance of \$118,761 was exposed to custodial risk as discussed above while \$118,761 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, 2012 and 2011, 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 2012 represent the collection of 2011 taxes. Real property taxes received in 2012 were levied after October 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of 2011 taxes. Public utility real and tangible personal property taxes received in 2012 became a lien on December 31, 2011, 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.

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

Note 5 – Property Taxes – (Continued)

The full tax rate for all Township operations for the year ended December 31, 2012 and 2011, was \$9.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2012 and 2011 property tax receipts were based are as follows:

	2012	2011
Real Property:		
Residential/Agricultural	\$20,606,600	\$20,494,200
Commercial/Industrial	2,458,820	2,435,940
Personal Property	0	93,680
Public Utility	993,530	913,160
Total Assessed Value	\$24,058,950	\$23,936,980

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 2012 and 2011, 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, 2011 and 2010:

Combined Coverage	2011	2010
Assets	\$12,501,280	\$12,036,541
Liabilities	(5,328,761)	(4,845,056)
Retained Earnings	\$7,172,519	\$7,191,485

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, 2012 and 2011

Note 7 – 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) 222-5601 or (800) 222-7377.

For the year ended December 31, 2012, 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 12.10 percent of their annual covered salary; members in public safety contributed 11.5 percent. The Township's contribution rate for pension benefits for 2012 was 4 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 18.10 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2011, 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 11.6 percent of their annual covered salary; members in public safety contributed 11.0 percent. The Township's contribution rate for pension benefits for 2011 was 4 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 18.10 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, 2012, 2011, and 2010 were \$12,615, \$22,889 and \$19,495, respectively. The full amount has been contributed for 2012, 2011 and 2010.

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

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan-a defined contribution plan; and the Combined Plan-a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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 meets the definition of an Other Postemployment Benefit as described in *GASB Statement No. 45*. 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 2012 local government employer contribution rate was 14.0 percent of covered payroll (18.10 percent for public safety and law enforcement); 4.0 percent of covered payroll was the portion that was used to fund health care.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care coverage.

Actual employer contributions for 2012 and 2011 which were used to fund postemployment benefits were \$9,011 and \$16,349 respectively. The actual contribution and the actuarially required contribution amounts are the same.

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

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, 2012 were as follows:

Description of Issue	Interest Rate	Principal Balance 12-31-11	Issued in 2012	Retired In 2012	Principal Balance 12-31-12	Due in 1 Year
Ambulance	5.98%	\$16,240	\$0	\$8,021	\$8,219	\$8,219
Ross County Commissioner	0.00%	15,000	0	5,000	10,000	5,000
		<u>\$31,240</u>	<u>\$0</u>	<u>\$13,021</u>	<u>\$18,219</u>	<u>\$13,219</u>

Lease amounts outstanding at December 31, 2011 were as follows:

Description of Issue	Interest Rate	Principal Balance 12-31-10	Issued in 2011	Retired in 2011	Principal Balance 12-31-11	Due in 1 Year
Ambulance	5.98%	\$23,120	\$0	\$6,880	\$16,240	\$8,021
Ross County Commissioner	0.00%	0	20,000	5,000	15,000	5,000
Dump Truck	5.00%	13,410	0	13,410	0	0
		<u>\$36,530</u>	<u>\$20,000</u>	<u>\$25,290</u>	<u>\$36,240</u>	<u>\$13,021</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. The loan was paid in full during 2011.

Amortization of the outstanding debt is scheduled as follows:

Year Ending December 31:	Ambulance		Ross County Commissioners	
	Principal	Interest	Principal	Interest
2013	\$8,021	\$493	\$5,000	\$0
2014	0	0	5,000	0
Total	<u>\$8,021</u>	<u>\$493</u>	<u>\$10,000</u>	<u>\$0</u>

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

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

In January 2011, the Township received a \$20,000 loan from the Ross County Commissioners to assist in repairing Tong Hollow Road after a landslide occurred. The Township has agreed to repay the County with 4 annual installments of \$5,000. This loan will be fully repaid in 2014.

Note 10 – Change in Accounting Principle

For 2011, the Township implemented GASB Statement No. 54, “Fund Balances Reporting and Governmental Fund Type Definitions”. For 2012, the Township implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The implementation of these statements did not result in any changes in the Township’s financial statements.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

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

We have audited, 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, the 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, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 8, 2013, wherein we noted the Township's financial statements have been prepared on the cash basis of accounting rather than the generally accepted accounting principles. We also noted that the Township adopted GASB Statement No. 54, *Fund Balances Reporting and Governmental Fund Type Definitions* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, by not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control that we consider to be a material weakness.

Board of Trustees
Paxton Township, Ross County
Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance whether the Township's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 an opinion. The results of our tests disclosed an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2012-001.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

May 8, 2013

PAXTON TOWNSHIP, ROSS COUNTY
Schedule of Findings
For the Years Ended December 31, 2012 and 2011

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

<i>Finding Number 2012-001</i>	
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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.

Debt principal payments were incorrectly classified as Capital Outlay, Public Works and Public Safety and grant and loan receipts were incorrectly classified as miscellaneous 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 of the statement of activities, the Gasoline Tax Fund, the Road and Bridge Fund, the Ambulance and Emergency Medical Services Fund and other governmental funds for both 2012 and 2011.

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, 2012 and 2011

Finding Number	Description	Status	Comments
	<i>Government Auditing Standards:</i>		
2010-01	Financial Record Keeping	Not Corrected	Reissued as finding 2012-001

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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
AUGUST 22, 2013**