



**Auditor of State
Betty Montgomery**

**BRATTON TOWNSHIP
ADAMS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
2005 Government-wide Financial Statements:	
Statement of Net Assets – Cash Basis as of December 31, 2005.....	9
Statement of Activities – Cash Basis For the Year Ended December 31, 2005	10
2005 Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances –Governmental Funds as of December 31, 2005	11
Statement of Cash Receipts, Disbursements, and Changes In Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2005	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2005	13
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – MVL Tax Fund For the Year Ended December 31, 2005	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Gas Tax Fund For the Year Ended December 31, 2005	15
2004 Government-wide Financial Statements:	
Statement of Net Assets – Cash Basis as of December 31, 2004.....	16
Statement of Activities – Cash Basis For the Year Ended December 31, 2004	17
2004 Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances –Governmental Funds as of December 31, 2004	18
Statement of Cash Receipts, Disbursements, and Changes In Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2004	19
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2004	20

**BRATTON TOWNSHIP
ADAMS COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – MVL Tax Fund For the Year Ended December 31, 2004	21
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Gas Tax Fund For the Year Ended December 31, 2004	22
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – FEMA Fund For the Year Ended December 31, 2004	23
Notes to the Basic Financial Statements.....	25
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	37
Schedule of Findings	39



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Bratton Township
Adams County
2535 Loudon Road
Peebles, Ohio 45660

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bratton Township, Adams County, Ohio (the Township), as of and for the year ended December 31, 2005 and 2004, 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 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 Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2.C, the accompanying financial statement and notes follow the cash accounting basis. 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 above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bratton Township, Adams County, Ohio, as of December 31, 2005 and 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Motor Vehicle License Tax Fund, Gas Fund and FEMA Fund(2004 Only) for the year then ended in conformity with the basis of accounting Note 2.C describes.

For the years ended December 31, 2005 and 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2006, 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. While we did 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*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

October 17, 2006

Bratton Township
Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
Unaudited

This discussion and analysis of Bratton Township's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2005 and 2004, within the limitations of the Government's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 and 2004 are as follows:

In 2005, the Township's net assets decreased \$176, or .1% over 2004. In 2004, the Township's net assets decreased \$59,520 or 37% as compared to 2003. The fund most affected by the decrease in cash and cash equivalents was the FEMA Fund, which realized the greatest burden of increased costs in 2004 due to FEMA expenditures.

The Township's general receipts are primarily property and sales taxes. During 2005 and 2004 these receipts represented 25% and 26% respectively of the total cash received for governmental activities. Property tax receipts for 2005 and 2004 changed very little compared to 2003 as property values showed only moderate increases. The Township's program receipts are primarily excise gas tax. Excise tax receipts related to fuel sales increased \$5,800 or 4% in 2005 over 2004, and decreased \$67,416 or 55% in 2004 over 2003. Permissive motor vehicle license tax levied by the township for 2005 and 2004 remained fairly consistent.

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 Government'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 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.

Bratton Township
Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
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 Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005 and 2004, within the limitations of cash basis 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's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and sales taxes.

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 Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Motor Vehicle License Fund, and Gas Funds in both 2005 and 2004 and Federal

Bratton Township
Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
Unaudited

Emergency Management Agency Fund in 2004. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2005 and 2004 on a cash basis:

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$157,384	\$157,560
Total Assets	\$157,384	\$157,560
Net Assets		
Restricted for:		
Other Purposes	87,587	91,538
Unrestricted	69,797	66,022
Total Net Assets	\$157,384	\$157,560

- As mentioned previously, net assets of governmental activities decreased \$ 176 or .1% percent during 2005.

Bratton Township
Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
Unaudited

Table 2 reflects the changes in net assets in 2005 and 2004.

(Table 2)

Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Variance
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$8,642	\$8,682	(\$40)
Operating Grants and Contributions	86,383	98,495	(\$12,112)
Total Program Receipts	<u>95,025</u>	<u>107,177</u>	(\$12,152)
General Receipts:			
Property and Other Local Taxes	42,715	37,292	5,423
Income Taxes			0
Grants and Entitlements Not Restricted to Specific Programs	38,223	25,278	12,945
Interest	1,441	85	1,356
Miscellaneous	12,771	5,042	7,729
Total General Receipts	<u>95,150</u>	<u>67,697</u>	<u>27,453</u>
Total Receipts	<u>190,175</u>	<u>174,874</u>	<u>15,301</u>
Disbursements:			
General Government	49,099	44,753	4,346
Public Safety:	14,000	14,000	0
Public Works	110,762	147,851	(37,089)
Health	3,439	3,596	(157)
Other	7,290	142	7,148
Debt Service	5,760	5,760	0
Capital Outlay		18,292	(18,292)
Total Disbursements	<u>190,350</u>	<u>234,394</u>	<u>(44,044)</u>
Excess (Deficiency) Before Transfers	(175)	(59,520)	59,345
Transfers			0
Increase (Decrease) in Net Assets	<u>(175)</u>	<u>(59,520)</u>	<u>59,345</u>
Net Assets, January 1, 2004	<u>157,560</u>	<u>217,080</u>	<u>(59,520)</u>
Net Assets, December 31, 2004	<u>\$157,385</u>	<u>\$157,560</u>	<u>(\$175)</u>

In 2005, Program receipts represent 50% percent of total receipts. In 2004, program receipts represent 61% of total receipts. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

In 2005, General receipts represent 50% percent of the Township's total receipts, and of this amount, 45% percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (40%). Other receipts are very insignificant and somewhat unpredictable revenue sources. In 2004, General receipts represent 39% percent of the Township's total receipts, and of this amount, 55% percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (37%). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Bratton Township
 Adams County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2005 and 2004
 Unaudited

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 official's salaries and benefits, Township hall maintenance and utilities. Public Safety are the costs of providing fire protection to the residents of the Township which is contracted on an annual basis with Franklin Township Fire Department. Health costs are the property tax deductions to the county health department, and maintenance cost of the cemeteries. Public Works are the costs of maintaining the roads. Debt Service is the yearly payment on a loan for a backhoe.

Governmental Activities

If you look at the Statement of Activities on page 10 and 20, 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 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 is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2005	Net Cost of Services 2005	Total Cost Of Services 2004	Net Cost of Services 2004
General Government	\$49,099	(\$49,099)	\$44,753	(\$44,754)
Public Safety:	14,000	(14,000)	14,000	(11,879)
Public Works	110,762	(15,738)	147,851	(42,795)
Health	3,440	(3,439)	3,596	(3,596)
Other	7,290	(7,290)	142	(142)
Debt Service	5,760	(5,760)	5,760	(5,760)
Capital Outlay			18,292	(18,292)
Total Expenses	\$190,351	(\$95,326)	\$234,394	(\$127,218)

The Government's Funds

In 2005, total governmental funds had receipts of \$190,175 and disbursements of \$190,351. In 2004, total governmental funds had receipts of \$174,587 and disbursements of \$234,394. The greatest change within governmental funds occurred within the FEMA Fund in 2004. The fund balance of the FEMA Fund decreased \$57,113 as the result of final payments on the completion of a FEMA project.

Bratton Township
Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005 and 2004, the Township amended its General Fund budget one time to reflect changing circumstances. General Fund receipts received in 2005 were \$27,632 greater than was budgeted and were \$4,842 greater in 2004.

In 2005, final disbursements were budgeted at \$73,137 while actual disbursements were \$59,828. In 2004, final disbursements were budgeted at \$70,124 while actual disbursements were \$54,884.

Capital Assets and Debt Administration

Capital Assets

The Township does not report capital assets under the cash basis of accounting.

Debt

At December 31, 2005, the Township's outstanding debt included \$10,774 for the purchase of a new backhoe in 2003. For further information regarding the Township's debt, refer to Note 11 to the basic financial statements.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, legislative bodies, management, 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 Kristina Owen Garrett, Clerk, Bratton Township, 444 Dutch Thomas Road, Peebles, Ohio 45660.

Bratton Township, Adams County
Statement of Net Assets - Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$157,384</u>
<i>Total Assets</i>	<u><u>\$157,384</u></u>
Net Assets	
Restricted for:	
Road and Bridge Maintenance	57,718
Other Purposes	29,869
Unrestricted	<u>69,797</u>
<i>Total Net Assets</i>	<u><u>\$157,384</u></u>

See accompanying notes to the basic financial statements

Bratton Township, Adams County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$49,099			(\$49,099)
Public Safety	14,000			(14,000)
Public Works	110,762	8,642	86,383	(15,737)
Health	3,440			(3,440)
Other	7,290			(7,290)
Debt Service	5,760			(5,760)
<i>Total Governmental Activities</i>	190,351	8,642	86,383	(95,326)
General Receipts				
Property Taxes Levied for:				
				38,113
				4,602
				38,223
				1,441
				12,771
<i>Total General Receipts</i>				95,150
Change in Net Assets				(176)
<i>Net Assets Beginning of Year</i>				157,560
<i>Net Assets End of Year</i>				\$157,384

See accompanying notes to the basic financial statements

Bratton Township, Adams County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	MVL Fund	Gas Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$69,797	\$12,134	\$45,584	\$29,869	\$157,384
<i>Total Assets</i>	<u>\$69,797</u>	<u>\$12,134</u>	<u>\$45,584</u>	<u>\$29,869</u>	<u>\$157,384</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances			\$300		\$300
Unreserved:					
Undesignated, Reported in:					
General Fund	69,797				69,797
Special Revenue Funds		12,134	45,284	29,869	87,287
<i>Total Fund Balances</i>	<u>\$69,797</u>	<u>\$12,134</u>	<u>\$45,584</u>	<u>\$29,869</u>	<u>\$157,384</u>

See accompanying notes to the basic financial statements

Bratton Township, Adams County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	MVL Fund	Gas Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$24,358			\$22,397	\$46,755
Intergovernmental	40,552	12,295	73,230	3,131	129,208
Interest	831	119	417	74	1,441
Other	12,771				12,771
<i>Total Receipts</i>	<u>78,512</u>	<u>12,414</u>	<u>73,647</u>	<u>25,602</u>	<u>190,175</u>
Disbursements					
Current:					
General Government	49,099				49,099
Public Safety				14,000	14,000
Public Works		20,571	80,615	9,577	110,763
Health	3,439				3,439
Capital Outlay	7,290				7,290
Debt Service:					0
Principal Retirement		5,036			5,036
Interest and Fiscal Charges		724			724
<i>Total Disbursements</i>	<u>59,828</u>	<u>26,331</u>	<u>80,615</u>	<u>23,577</u>	<u>190,351</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,684</u>	<u>(13,917)</u>	<u>(6,968)</u>	<u>2,025</u>	<u>(176)</u>
Other Financing Sources (Uses)					
Transfers In			14,908		14,908
Transfers Out	(14,908)				(14,908)
<i>Total Other Financing Sources (Uses)</i>	<u>(14,908)</u>	<u>0</u>	<u>14,908</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	3,776	(13,917)	7,940	2,025	(176)
<i>Fund Balances Beginning of Year</i>	<u>66,021</u>	<u>26,052</u>	<u>37,642</u>	<u>27,845</u>	<u>157,560</u>
<i>Fund Balances End of Year</i>	<u>\$69,797</u>	<u>\$12,135</u>	<u>\$45,582</u>	<u>\$29,870</u>	<u>\$157,384</u>

See accompanying notes to the basic financial statements

Bratton Township, Adams County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$21,330	\$21,330	\$24,358	\$3,028
Intergovernmental	24510	24510	40552	16,042
Interest	40	40	831	791
Other	5000	5000	12771	7,771
<i>Total receipts</i>	<u>50,880</u>	<u>50,880</u>	<u>78,512</u>	<u>27,632</u>
Disbursements				
Current:				
General Government	59,337	59,337	49,099	10,238
Health	5,300	5,300	3,439	1,861
Capital Outlay	8,500	8,500	7,290	1,210
<i>Total Disbursements</i>	<u>73,137</u>	<u>73,137</u>	<u>59,828</u>	<u>13,309</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,257)</u>	<u>(22,257)</u>	<u>18,684</u>	<u>40,941</u>
Other Financing Sources (Uses)				
Transfers Out		(14,908)	(14,908)	0
Advances In	20	20		(20)
Other Financing Sources	10	10	0	(10)
<i>Total Other Financing Sources (Uses)</i>	<u>30</u>	<u>(14,878)</u>	<u>(14,908)</u>	<u>(30)</u>
<i>Net Change in Fund Balance</i>	(22,227)	(37,135)	3,776	40,911
<i>Fund Balance Beginning of Year</i>	<u>66,021</u>	<u>66,021</u>	<u>66,021</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$43,794</u></u>	<u><u>\$28,886</u></u>	<u><u>\$69,797</u></u>	<u><u>\$40,911</u></u>

See accompanying notes to the basic financial statements

Bratton Township, Adams County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
MVL Fund
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	12500	12500	12295	(205)
Interest	15	15	119	104
<i>Total receipts</i>	<u>12,515</u>	<u>12,515</u>	<u>12,414</u>	<u>(101)</u>
Disbursements				
Current:				
Public Works	28,500	28,500	20,571	7,929
Debt Service:				
Principal Retirement			5,036	(5,036)
Interest and Fiscal Charges			724	(724)
<i>Total Disbursements</i>	<u>28,500</u>	<u>28,500</u>	<u>26,331</u>	<u>2,169</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,985)</u>	<u>(15,985)</u>	<u>(13,917)</u>	<u>2,068</u>
<i>Net Change in Fund Balance</i>	(15,985)	(15,985)	(13,917)	2,068
<i>Fund Balance Beginning of Year</i>	<u>26,052</u>	<u>26,052</u>	<u>26,052</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,067</u></u>	<u><u>\$10,067</u></u>	<u><u>\$12,135</u></u>	<u><u>\$2,068</u></u>

See accompanying notes to the basic financial statements

Bratton Township, Adams County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Gas Fund
 For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	70000	70000	73230	3,230
Interest	15	15	417	402
Other	10	10	0	(10)
<i>Total receipts</i>	70,025	70,025	73,647	3,622
Disbursements				
Current:				
Public Works	77,664	93,139	80,915	12,224
<i>Total Disbursements</i>	77,664	93,139	80,915	12,224
<i>Excess of Receipts Over (Under) Disbursements</i>	(7,639)	(23,114)	(7,268)	15,846
Other Financing Sources (Uses)				
Transfers In	1	1	14,908	14,907
<i>Total Other Financing Sources (Uses)</i>	1	1	14,908	14,907
<i>Net Change in Fund Balance</i>	(7,638)	(23,113)	7,640	30,753
<i>Fund Balance Beginning of Year</i>	37,642	37,642	37,642	0
<i>Fund Balance End of Year</i>	\$30,004	\$14,529	\$45,282	\$30,753

See accompanying notes to the basic financial statements

Bratton Township, Adams County
Statement of Net Assets - Cash Basis
December 31, 2004

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$157,560</u>
<i>Total Assets</i>	<u><u>\$157,560</u></u>
Net Assets	
Restricted for:	
Road and Bridge Maintenance	63,694
Other Purposes	27,845
Unrestricted	<u>66,021</u>
<i>Total Net Assets</i>	<u><u>\$157,560</u></u>

See accompanying notes to the basic financial statements

Bratton Township, Adams County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2004

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$44,753			(\$44,753)
Public Safety	14,000		2,121	(11,879)
Public Works	147,851	8,682	96,374	(42,795)
Health	3,596			(3,596)
Other	142			(142)
Capital Outlay	18,292			(18,292)
Debt Service	5,760			(5,760)
<i>Total Governmental Activities</i>	234,394	8,682	98,495	(127,217)
General Receipts				
Property Taxes Levied for:				
				23,325
				13,967
				25,278
				85
				5,042
<i>Total General Receipts</i>				67,697
				(59,520)
<i>Net Assets Beginning of Year</i>				217,080
<i>Net Assets End of Year</i>				\$157,560

See accompanying notes to the basic financial statements

Bratton Township, Adams County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	General	MVL Fund	Gas Fund	FEMA Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$66,021	\$26,052	\$37,642	\$7,340	\$20,505	\$157,560
<i>Total Assets</i>	<u>\$66,021</u>	<u>\$26,052</u>	<u>\$37,642</u>	<u>\$7,340</u>	<u>\$20,505</u>	<u>\$157,560</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	66,021					66,021
Special Revenue Funds		26,052	37,642	7,340	20,505	91,539
<i>Total Fund Balances</i>	<u>\$66,021</u>	<u>\$26,052</u>	<u>\$37,642</u>	<u>\$7,340</u>	<u>\$20,505</u>	<u>\$157,560</u>

See accompanying notes to the basic financial statements

Bratton Township, Adams County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2004

	General	MVL Fund	Gas Fund	FEMA Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$23,325				\$22,651	\$45,976
Intergovernmental	25,278	12,566	68,092	15,351	2,121	123,408
Interest	85	21	16		7	129
Other	4,754		320			5,074
<i>Total Receipts</i>	<u>53,442</u>	<u>12,587</u>	<u>68,428</u>	<u>15,351</u>	<u>24,779</u>	<u>174,587</u>
Disbursements						
Current:						
General Government	44,755			142		44,897
Public Safety					14,000	14,000
Public Works		11,757	54,476	72,322	9,296	147,851
Health	3,596					3,596
Capital Outlay	6,533		11,758			18,291
Debt Service:						
Principal Retirement			4,815			4,815
Interest and Fiscal Charges			945			945
<i>Total Disbursements</i>	<u>54,884</u>	<u>11,757</u>	<u>71,994</u>	<u>72,464</u>	<u>23,296</u>	<u>234,395</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,442)</u>	<u>830</u>	<u>(3,566)</u>	<u>(57,113)</u>	<u>1,483</u>	<u>(59,808)</u>
Other Financing Sources (Uses)						
Advances In	6,856			6,856		13,712
Advances Out	(6,856)			(6,856)		(13,712)
Other Financing Sources	288					288
<i>Total Other Financing Sources (Uses)</i>	<u>288</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>288</u>
<i>Net Change in Fund Balances</i>	(1,154)	830	(3,566)	(57,113)	1,483	(59,520)
<i>Fund Balances Beginning of Year</i>	<u>67,175</u>	<u>25,222</u>	<u>41,208</u>	<u>64,453</u>	<u>19,022</u>	<u>217,080</u>
<i>Fund Balances End of Year</i>	<u>\$66,021</u>	<u>\$26,052</u>	<u>\$37,642</u>	<u>\$7,340</u>	<u>\$20,505</u>	<u>\$157,560</u>

See accompanying notes to the basic financial statements

Bratton Township, Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$19,030	\$19,030	\$23,325	\$4,295
Intergovernmental	24510	24510	25278	768
Interest	40	40	85	45
Other	5020	5020	4754	(266)
<i>Total receipts</i>	48,600	48,600	53,442	4,842
Disbursements				
Current:				
General Government	58,995	58,995	44,755	14,240
Health	4,129	4,129	3,596	533
Capital Outlay	7,000	7,000	6,533	467
<i>Total Disbursements</i>	70,124	70,124	54,884	15,240
<i>Excess of Receipts Over (Under) Disbursements</i>	(21,524)	(21,524)	(1,442)	20,082
Other Financing Sources (Uses)				
Advances In			6,856	6,856
Advances Out			(6,856)	(6,856)
Other Financing Sources			288	288
<i>Total Other Financing Sources (Uses)</i>	0	0	288	288
<i>Net Change in Fund Balance</i>	(21,524)	(21,524)	(1,154)	20,370
<i>Fund Balance Beginning of Year</i>	67,175	67,175	67,175	(0)
<i>Fund Balance End of Year</i>	\$45,651	\$45,651	\$66,021	\$20,370

See accompanying notes to the basic financial statements

Bratton Township, Adams County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 MVL Fund
 For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	12500	12500	12566	66
Interest	15	15	21	6
<i>Total receipts</i>	12,515	12,515	12,587	72
Disbursements				
Current:				
Public Works	16,000	16,000	11,757	4,243
<i>Total Disbursements</i>	16,000	16,000	11,757	4,243
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,485)	(3,485)	830	4,315
<i>Net Change in Fund Balance</i>	(3,485)	(3,485)	830	4,315
<i>Fund Balance Beginning of Year</i>	25,222	25,222	25,222	0
<i>Fund Balance End of Year</i>	\$21,737	\$21,737	\$26,052	\$4,315

See accompanying notes to the basic financial statements

Bratton Township, Adams County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Gas Fund
 For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	70000	70000	68092	(1,908)
Interest	15	15	16	1
Other	10	10	320	310
<i>Total receipts</i>	<u>70,025</u>	<u>70,025</u>	<u>68,428</u>	<u>(1,597)</u>
Disbursements				
Current:				
Public Works	62,000	62,000	54,476	7,524
Capital Outlay	18,000	18,000	11,758	6,242
Debt Service:				
Principal Retirement			4,815	(4,815)
Interest and Fiscal Charges			945	(945)
<i>Total Disbursements</i>	<u>80,000</u>	<u>80,000</u>	<u>71,994</u>	<u>8,006</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,975)</u>	<u>(9,975)</u>	<u>(3,566)</u>	<u>6,409</u>
<i>Net Change in Fund Balance</i>	<u>(9,975)</u>	<u>(9,975)</u>	<u>(3,566)</u>	<u>6,409</u>
<i>Fund Balance Beginning of Year</i>	<u>41,208</u>	<u>41,208</u>	<u>41,208</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$31,233</u></u>	<u><u>\$31,233</u></u>	<u><u>\$37,642</u></u>	<u><u>\$6,409</u></u>

See accompanying notes to the basic financial statements

Bratton Township, Adams County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 FEMA Fund
 For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	11513	11513	15351	3,838
<i>Total receipts</i>	11,513	11,513	15,351	3,838
Disbursements				
Current:				
General Government			142	(142)
Public Works	75,699	75,699	72,322	3,377
<i>Total Disbursements</i>	75,699	75,699	72,464	3,235
<i>Excess of Receipts Over (Under) Disbursements</i>	(64,186)	(64,186)	(57,113)	7,073
Other Financing Sources (Uses)				
Advances In			6,856	6,856
Advances Out			(6,856)	(6,856)
<i>Net Change in Fund Balance</i>	(64,186)	(64,186)	(57,113)	7,073
<i>Fund Balance Beginning of Year</i>	64,453	64,453	64,453	0
<i>Fund Balance End of Year</i>	\$267	\$267	\$7,340	\$7,073

See accompanying notes to the basic financial statements

This page intentionally left blank.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 1 – Reporting Entity

The Bratton Township, Adams 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 Clerk.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with Franklin Township for fire protection.

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

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, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

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 is self-financing on a cash basis or draws from the Township's general receipts.

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 all classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Township's major governmental funds:

General Fund – the General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle License Tax Fund – this fund receives motor vehicle tax money to pay for constructing, maintaining and repairing Township roads.

Gasoline Tax Fund – This fund receives gasoline tax money to pay constructing, maintaining and repairing Township roads.

FEMA Fund (2004 Only) – This fund is used for receipts and expenditures of Federal Emergency Management Agency (FEMA) grants.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency 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, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. 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 Deposits

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

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 2005 was \$831 and during 2004 was \$85.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

F. 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.

G. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

H. 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. 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. Restricted assets represent \$87,587 of a total fund balance of \$157,384 in 2005 and \$91,538 of a total fund balance of \$157,560 in 2004.

I. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Compliance

During 2005 and 2004 the Township did not certify the availability of funds for certain commitments as required by Ohio Revised Code 5705.41D.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 5 – 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 and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There was a \$300 encumbrance in the Gasoline Fund at year end 2005.

Note 6 – 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;

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 6 - Deposits and Investments (continued)

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).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. 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 will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end 2005, \$57,384 of the Township's bank balance of \$157,384 was exposed to custodial credit risk and at the end of fiscal year end 2004, \$57,560 of the Township's bank balance of \$157,560 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 7 - 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 receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, 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 payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 7 – Property Taxes (continued)

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, 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 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2005 and 2004, were \$3.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

	<u>2005</u>	<u>2004</u>
Real Property		
Residential	\$8,961,290	\$7,863,010
Agriculture	3,598,140	3,552,080
Commercial/Industrial/Mineral	37,870	28,580
Public Utility Property		
Real	0	0
Personal	651,670	685,040
Tangible Personal Property	85,070	76,640
Total Assessed Value	\$13,334,040	\$12,205,350

Note 8 – Risk Management

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.

The Government belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 8 – Risk Management (continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 8 – Risk Management (continued)

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	(12,344,576)	(11,086,379)
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	(1,406,031)	(543,176)
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA’s related liabilities are due for payment. The Township’s share of these unpaid claims is approximately \$8,292.00

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 9 - Defined Benefit Pension Plans (continued)

For the year ended December 31, 2005 and 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 and 2004 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$2086.49, \$1821.40, and \$1782.68 respectively. The full amount has been contributed for 2005, 2004, and 2003.

Note 10 – Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit 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 2005 and 2004 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual Township contributions for 2005 which were used to fund postemployment benefits were \$615.94. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 11 – Debt

The Township’s long-term debt activity for the period January 1, 2004 through December 31, 2005, was as follows:

	Interest Rate	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Governmental Activities</u>						
General Term Note	4.58%	\$20,625	\$0.00	\$9,851	\$10,774	\$5,266

The following is a summary of the Township’s future annual debt service requirements:

Year	Note	
	Principal	Interest
2006	\$5,266	\$493
2007	5,508	252
Totals	<u>\$10,774</u>	<u>\$745</u>

Note 12 – Interfund Transfers

During 2004 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$14,908
Total Transfers from the General Fund	<u>\$14,908</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Bratton Township
Adams County
2535 Loudon Road
Peebles, Ohio 45660

To the Board of Trustees:

We have audited the financial statements of Bratton Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004 and have issued our report thereon dated October 17, 2006, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State established rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. Government Auditing Standards considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We do not believe the reportable condition described above to be material weakness. In a separate letter to the Township's management dated October 17, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the Township's management dated October 17, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

October 17, 2006

**BRATTON TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Noncompliance Citation/Reportable Condition

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

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**FINDING NUMBER 2005-001
(Continued)**

Contrary to the above requirement, the availability of funds was not certified for 35% of the expenditures tested for 2005 and 17% of the expenditures tested for 2004. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that funds are or will be available prior to obligation by the township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township officials and employees obtain the Clerk's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Clerk should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Clerk should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response

We did not receive a response from officials to this finding.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

BRATTON TOWNSHIP

ADAMS 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
NOVEMBER 9, 2006**