

BRATTON TOWNSHIP
ADAMS COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
YEARS AUDITED UNDER GAGAS: 2007 AND 2006

CAUDILL & ASSOCIATES CPA's

725 5TH Street
Portsmouth, Ohio 45662



Mary Taylor, CPA

Auditor of State

Board of Trustees
Bratton Township
2535 Loudon Road
Peebles, Ohio 45660

We have reviewed the *Independent Auditor's Report* of Bratton Township, Adams County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2006 through December 31, 2007. 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.

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 505.601 states that if a board of township trustees does not procure an insurance policy or group health care services, as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains. To provide the reimbursement the board of township trustees shall adopt a resolution that states that the township has chosen not to procure a health care plan and has chosen instead to reimburse its officers and employees for each out-of-pocket premium. The resolution shall provide for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.

According to Bratton Township's Trustee Resolutions, the Township would not provide health insurance for elected officials and employees. The Township would however reimburse its elected officials and employees for verifiable out-of-pocket expenses not to exceed \$3,500 in one year. The benefits to be reimbursed were health and dental benefits procured by the individual.

Kristina Owen Garrett received quarterly reimbursements from Bratton Township in the amount of \$955.00 in 2006 for a total annual reimbursement of \$3,820.00 and in the amount of \$983.65 in 2007 for a total annual reimbursement of \$3,934.60. Out-of-pocket premiums incurred by Kristina Owen Garrett totaled \$4,536.48 in 2006 and \$2,646.28 in 2007. Accordingly, Bratton Township reimbursed Kristina Owen Garrett \$320.00 in excess of their approved reimbursement amount in 2006. In 2007 the Township paid in excess of the out-of-pocket amounts actually paid by Kristina Owen Garrett in the amount of \$1,288.32.

Year	Out of Pocket Premium Paid by Kristina Owen Garrett	Reimbursements made by Township to Kristina Owen Garrett	Allowable Reimbursement	Over- payment
2006	\$4,536.48	\$3,820.00	\$3,500.00	\$320.00
2007	\$2,646.28	\$3,934.60	\$2,646.28	\$1,288.32
<u>Total Overpayment</u>				<u>\$1,608.32</u>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against former Fiscal Officer Kristina Owen Garrett and her bonding company, Ohio Township Association Risk Management Authority, in the amount of \$1,608.32 and in favor of Bratton Township's General fund.

On November 20, 2009 Kristina Owen Garrett wrote a check reimbursing the Township \$1,608.32, the Fiscal Officer deposited this check into the Township bank account on November 23, 2009.

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 505.601 states that if a board of township trustees does not procure an insurance policy or group health care services, as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains. To provide the reimbursement the board of township trustees shall adopt a resolution that states that the township has chosen not to procure a health care plan and has chosen instead to reimburse its officers and employees for each out-of-pocket premium. The resolution shall provide for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.

According to Bratton Township's Trustee Resolutions, the Township would not provide health insurance for elected officials and employees. The Township would however reimburse its elected officials and employees for verifiable out-of-pocket expenses not to exceed \$3,500 in one year. The benefits to be reimbursed were health and dental benefits procured by the individual.

Out-of-pocket expenses made by Trustee Alan Clough totaled \$3,378.62 in 2006 and \$3,727.93 in 2007.

Township Trustee Alan Clough received quarterly reimbursements from Bratton Township in the amount of \$955.00 in 2006 for a total annual reimbursement of \$3,820.00 and in the amount of \$983.65 in 2007 for a total annual reimbursement of \$3,934.60. These reimbursements exceeded the actual out-of-pocket premiums made by Trustee Alan Clough in 2006 and exceeded the maximum allowable reimbursement amount as stated in the Township's Resolutions in 2007.

Year	Out of Pocket Premium Paid by Alan Clough	Reimbursements made by Township to Alan Clough	Allowable Reimbursement	Over-payment
2006	\$3,378.62	\$3,820.00	\$3,378.62	\$441.38
2007	\$3,727.93	\$3,934.60	\$3,500.00	\$434.60
<u>Total Overpayment</u>				<u>\$875.98</u>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Township Trustee Alan Clough and his bonding company, Ohio Township Association Risk Management Authority, in the amount of \$1,132.07 and in favor of Bratton Township's General fund.

On November 30, 2009 Alan Clough wrote a check reimbursing the Township \$875.98, the Fiscal Officer deposited this check into the Township bank account on December 2, 2009.

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 505.601 states that if a board of township trustees does not procure an insurance policy or group health care services, as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains. To provide the reimbursement the board of township trustees shall adopt a resolution that states that the township has chosen not to procure a health care plan and has chosen instead to reimburse its officers and employees for each out-of-pocket premium. The resolution shall provide for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.

According to Bratton Township's Trustee Resolutions, the Township would not provide health insurance for elected officials and employees. The Township would however reimburse its elected officials and employees for verifiable out-of-pocket expenses not to exceed \$3,500 in one year. The benefits to be reimbursed were health and dental benefits procured by the individual.

Attorney General Opinion 2005-038 explained that a Township may not pay directly to the employer of the township officer or employee or to the insurance company the cost of health care, when reimbursing under Ohio Rev. Code Section 505.601. Instead the Township must "reimburse" the officer or employee for their out of pocket premium they incurred. The statute only permits such "reimbursement" and does not provide for paying amounts directly to the health insurance company.

Bratton Township issued payments directly to the health insurance company for Robert Shiveley,'s individual health insurance premiums. The premiums totaled \$3,475.92 in 2006 and \$3,678.48 in 2007. In addition to the issue that the Township should not have paid the insurance company directly, Bratton Township also made payments in excess of the maximum of \$3,500 in 2007 as stipulated in the Township Resolutions. The Township paid \$178.48 in excess of their approved reimbursement amount.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Robert Shiveley, in the amount of \$178.48 and in favor of Bratton Township's General fund.

On November 23, 2009 Robert Shiveley wrote a check reimbursing the Township \$178.48, the Fiscal Officer deposited this check into the Township bank account on November 24, 2009.

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. Bratton Township is responsible for compliance with these laws and regulations.



Mary Taylor, CPA
Auditor of State

December 7, 2009

**BRATTON TOWNSHIP
ADAMS COUNTY**

TABLE OF CONTENTS

TITLE	Page
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3-8
Financial Statements:	
2007 Government-Wide Financial Statements:	
Statement of Net Assets-Cash Basis (2007)	9
Statement of Activities-Cash Basis (2007).....	10
2007 Fund Financial Statements:	
Statement of Assets and Fund Balances-Cash Basis-Governmental Funds.....	11
Statement of Cash Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Governmental Funds.....	12
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual-General Fund	13
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Motor Vehicle License Tax Fund.....	14
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Gas Tax Fund	15
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Fire District Fund	16
Statement of Assets and Fund Balances-Cash Basis-Enterprise Funds.....	17
Statement of Cash Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Enterprise Funds	18
2006 Government-Wide Financial Statements:	
Statement of Net Assets-Cash Basis (2006)	19
Statement of Activities-Cash Basis (2006).....	20

**BRATTON TOWNSHIP
ADAMS COUNTY**

TABLE OF CONTENTS (Continued)

TITLE	Page
2006 Fund Financial Statements:	
Statement of Assets and Fund Balances-Cash Basis-Governmental Funds.....	21
Statement of Cash Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Governmental Funds.....	22
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual-General Fund	23
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Gas Tax Fund.....	24
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Fire District Fund	25
Statement of Assets and Fund Balances-Cash Basis-Enterprise Funds	26
Statement of Cash Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Enterprise Funds	27
Notes to the Financial Statements.....	28-39
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	40-41
Schedule of Findings and Responses.....	42-47
Schedule of Prior Year Findings	48

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
Bratton Township
2535 Loudon Road
Peebles, Ohio 45660

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bratton Township (the Township), Adams County, Ohio, as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Township has prepared these financial statements and notes, using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Bratton Township, Adams County, Ohio as of December 31, 2007, and 2006, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, the Motor Vehicle License Fund (2007 only), the Gasoline Tax Fund, the Fire District Fund thereof and for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2009, on our consideration of the Township's internal control over financial reporting and on 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 to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Bratton Township
Independent Auditor's Report

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Caudill & Associates, CPAs

Caudill & Associates, CPAs

January 30, 2009

Bratton Township
Adams County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This management discussion and analysis of Bratton Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, and 2006, 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.

Highlights

Key highlights for 2007 are as follows:

The Government's general receipts are primarily property taxes and Intergovernmental. These receipts represent 32.2 percent of the total cash received for governmental activities. Property tax receipts and Intergovernmental receipts for 2007 increased by 9.8 percent compared to 2006 as development within the Government increased slightly, and we expect an increase in 2008 due to some new development.

In 2007, the Township continued construction on a new community building.

The Net Assets of Business Activities in 2007 decreased by \$3,786. The decrease in net assets was due to an advance made to Permissive Motor Vehicle License Tax Fund that was not reimbursed by the end of 2007. Without the advance, net assets increased by \$1,917 due to an increase in program receipts.

Key highlights for 2006 are as follows:

The Government's general receipts are primarily property taxes and Intergovernmental. These receipts represent 29.3 percent of the total cash received for governmental activities.

In 2006, the Township authorized the issuance and sale of community building bonds to finance the acquisition and construction of a new township garage and community center building.

The Enterprise fund was established in 2006 and had a Net Asset increase of \$1,101.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

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

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

The notes to the 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 Years Ended December 31, 2007 and 2006
Unaudited

Using the Basic Financial Statements (Continued)

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental and business-type activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program and business type activity. 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 or business-type activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the 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 non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Assets and the statement of activities, we divide the Township into two types of activities:

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

Business-type activity: The Township has one business-type activity, water service. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and proprietary.

Governmental Funds - Most 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

Bratton Township
Adams County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Reporting the Township's Most Significant Funds (Continued)

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 Tax Fund (2006 only) and Gasoline Tax Fund. These programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has one major enterprise fund, Township Water Sales Fund. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has no internal service funds.

The Township as a Whole

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

Table 1
Net Assets

	Governmental Activities			Business Activities			Total	
	2007	2006	2005	2007	2006	2005	2007	2006
Assets								
Cash and Cash								
Equivalents	\$ 101,659	\$ 97,560	\$ 157,384	\$ (2,685)	\$ 1,101	\$ -	\$ 98,974	\$ 98,661
Total Assets	\$ 101,659	\$ 97,560	\$ 157,384	\$ (2,685)	\$ 1,101	\$ -	\$ 98,974	\$ 98,661
Net Assets								
Restricted for:								
Other Purposes	\$ 83,106	\$ 80,424	\$ 87,587	\$ -	\$ -	\$ -	\$ 83,106	\$ 80,424
Unrestricted	18,553	17,136	69,797	(2,685)	1,101	-	15,868	18,237
Total Net Assets	\$ 101,659	\$ 97,560	\$ 157,384	\$ (2,685)	\$ 1,101	\$ -	\$ 98,974	\$ 98,661

Net assets of governmental activities decreased \$4,099 or 3.9 % during 2007. The primary reason contributing to the decrease in the cash balance is as follows:

- Revenues decreased slightly and expenses increased due to economic factors.

Net assets of governmental activities decreased \$59,824 or 61.3 % during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- \$60,000 in building bonds were issued during the year to finance the construction of a new community building.

Bratton Township
Adams County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

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

(Table 2)

Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Governmental Activities 2005	Business Type Activities 2007	Business Type Activities 2006	Business Type Activities 2005
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 9,358	\$ 9,378	\$ 8,642	\$ 8,383	\$ 5,703	\$ -
Operating Grants and Contributions	98,646	102,832	86,383	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-
Total Program Receipts	108,004	112,210	95,025	8,383	5,703	-
General Receipts:						
Property Taxes and Other Local Taxes	39,052	39,959	42,715	-	-	-
Grants and Entitlements Not Restricted to Specific Programs	33,578	27,886	38,223	-	-	-
Interest	583	2,092	1,441	-	-	-
Miscellaneous	673	60,040	12,771	-	-	-
Advances In	5,703	-	-	-	-	-
Total General Receipts	79,589	129,977	95,150	-	-	-
Total Receipts	187,593	242,187	190,175	8,383	5,703	-
Disbursements:						
General Government	55,984	72,385	49,100	-	-	-
Public Safety	14,000	14,100	14,000	-	-	-
Public Works	75,526	115,185	110,762	-	-	-
Health	3,695	4,596	3,439	-	-	-
Capital Outlay	18,133	89,985	-	-	-	-
Contractual Services	-	-	-	6,466	4,602	-
Advances Out	-	-	-	5,703	-	-
Other	-	-	7,290	-	-	-
Debt Services:						
Principal Retirement	11,524	5,262	5,760	-	-	-
Interest and Fiscal Charges	4,632	498	-	-	-	-
Total Disbursements	183,494	302,011	190,351	12,169	4,602	-
Increase (Decrease) in Net Assets	4,099	(59,824)	(176)	(3,786)	1,101	-
Beginning Net Assets	97,560	157,384	157,560	1,101	-	-
Net Assets, End of Year	\$ 101,659	\$ 97,560	\$ 157,384	\$ (2,685)	\$ 1,101	\$ -

Bratton Township
Adams County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 2- Change in Net Assets (Continued)

Program receipts for the government as a whole, represent 61.2 percent and 62.8 percent for 2007 and 2006, respectively of total receipts and are primarily comprised of charges for services for water, operating grants and contributions.

General receipts for the government as a whole, represent 41.8 percent and 69.2% percent for 2007 and 2006, respectively of total receipts, and of this amount, 49.1 percent for 2007 and 30.7 percent for 2006 are property taxes. State and Federal Grants and entitlements make up approximately 42.2% and 17.9% in 2007 and 2006, respectively of the general 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 council, Mayor and the Fiscal Officer.

Governmental Activities

If you look at the Statement of Activities on page 10 & 20 for 2007 and 2006, respectively, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and public works, which together, account for 71.7 and 62 percent, in 2007 and 2006 respectively, of all governmental disbursements. 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 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$ 55,984	\$ 55,984	\$ 72,385	\$ 72,385
Public Safety	14,000	14,000	14,100	14,100
Public Works	75,526	(32,478)	115,185	2,975
Health	3,695	3,695	4,596	4,596
Capital Outlay	18,133	18,133	89,985	89,985
Debt Service:				
Principal Retirement	11,524	11,524	5,262	5,262
Interest and Fiscal Charges	4,632	4,632	498	498
Total Expenses	<u>\$ 183,494</u>	<u>\$ 75,490</u>	<u>\$ 302,011</u>	<u>\$ 189,801</u>

Bratton Township
Adams County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Business-type activities

The Township provides its citizens with water service. Receipts for this service are applied to the Township's account with an outside water supplier that supplies the Township with water.

The Township's Funds

Total governmental funds had receipts of \$187,593 and \$242,187 and disbursements of \$183,494 and \$302,011 for 2007 and 2006, respectively. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased in 2007 as the result of a slight increase in intergovernmental revenue and normal operations to maintain the Township.

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 2007 and 2006, the Township amended its General Fund budget to reflect changing circumstances. For 2007, the General Fund budgeted receipts were set at \$47,860. The difference between final budgeted receipts and actual receipts was \$11,622. For 2006, the General Fund budgeted receipts were set at \$47,860. The difference between final budgeted receipts and actual receipts was \$6,449.

Final disbursements were budgeted at \$73,265 for 2007 and \$120,960 for 2006 while actual disbursements were \$64,373 and \$165,889, respectively. The Township's spending significantly exceeded budgeted amounts due to a construction project.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2007, the Township's outstanding debt was \$54,000 for the construction of a new community building. For further information regarding the Township's debt, refer to Note 9 of the financial statement.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Council watches the budget very closely. We discuss spending in depth for each major purchase. We try to plan according to what we might want to do to improve the Township each year. We do not have a large budget, but we try to spend the money in a way that will most benefit the residents of our Township.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Angie McCoy, Fiscal Officer, Bratton Township, 6521 Old State Route 32, Peebles, Ohio 45660.

Bratton Township
Statement of Net Assets - Cash Basis
December 31, 2007

	Governmental Activities	Business - Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 101,659	\$ (2,685)	\$ 98,974
<u>Net Assets:</u>			
Restricted for Other Purposes	83,106		83,106
Unrestricted	18,553	(2,685)	15,868
<i>Total Net Assets</i>	\$ 101,659	\$ (2,685)	\$ 98,974

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business Activities	Total
<i>Governmental Activities:</i>						
General Government	\$ 55,984	\$ -	\$ -	\$ (55,984)	\$ -	\$ (55,984)
public Safety	14,000	-	-	(14,000)	-	(14,000)
Public Works	75,526	9,358	98,646	32,478	-	32,478
Health Services	3,695	-	-	(3,695)	-	(3,695)
Capital Outlay	18,133	-	-	(18,133)	-	(18,133)
Debt Service:						
Principal Retirement	11,524	-	-	(11,524)	-	(11,524)
Interest and other Fiscal Charges	4,632	-	-	(4,632)	-	(4,632)
<i>Total Governmental Activities</i>	183,494	9,358	98,646	(75,490)	-	(75,490)
<i>Business Activities:</i>						
Water	\$ 6,466	\$ 8,383	\$ -	\$ -	\$ 1,917	\$ 1,917
<i>Total Business Activities</i>	6,466	8,383	-	-	1,917	1,917
Total	\$ 189,960	\$ 17,741	\$ 98,646	\$ (75,490)	\$ 1,917	\$ (73,573)
General Receipts						
Property and Other Taxes Levied for:						
General Purposes				25,067	-	25,067
Fire District				13,985	-	13,985
Grants and Entitlements not						
Restricted to Specific Programs				33,578	-	33,578
Miscellaneous				673	-	673
Advances				5,703	(5,703)	-
Interest				583	-	583
<i>Total General Receipts</i>				79,589	(5,703)	73,886
Change in Net Assets				4,099	(3,786)	313
<i>Net Assets, Beginning of Year</i>				97,560	1,101	98,661
<i>Net Assets, End of Year</i>				\$ 101,659	\$ (2,685)	\$ 98,974

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	<u>General</u>	<u>Motor Vehicle License Tax</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	<u>\$18,553</u>	<u>\$1,085</u>	<u>\$65,674</u>	<u>\$13,440</u>	<u>\$2,907</u>	<u>\$101,659</u>
<u>Fund Balances:</u>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	18,553	-	-	-	-	18,553
Special Revenue Funds	-	1,085	65,674	13,440	2,907	83,106
<i>Total Fund Balances</i>	<u>\$18,553</u>	<u>\$1,085</u>	<u>\$65,674</u>	<u>\$13,440</u>	<u>\$2,907</u>	<u>\$101,659</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Motor Vehicle License Tax	Gasoline Tax	Fire District Fund	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>						
Property Taxes	\$25,067	\$ -	\$ -	\$13,985	\$ -	\$39,052
Intergovernmental	33,578	12,434	86,212	-	9,358	141,582
Interest	180	6	383	-	14	583
Other	657	-	16	-	-	673
<i>Total Receipts</i>	<u>59,482</u>	<u>12,440</u>	<u>86,611</u>	<u>13,985</u>	<u>9,372</u>	<u>181,890</u>
<u>Disbursements:</u>						
Current:						
General Government	55,984	-	-	-	-	55,984
Public Safety	-	-	-	14,000	-	14,000
Public Works	-	26,216	34,310	-	15,000	75,526
Health	3,695	-	-	-	-	3,695
Capital Outlay	4,694	-	13,439	-	-	18,133
Debt Service						
Principal Retirement	-	-	11,524	-	-	11,524
Interest and other Fiscal Charges	-	-	4,632	-	-	4,632
<i>Total Disbursements</i>	<u>64,373</u>	<u>26,216</u>	<u>63,905</u>	<u>14,000</u>	<u>15,000</u>	<u>183,494</u>
Excess of Receipts Over (Under) Disbursements	(4,891)	(13,776)	22,706	(15)	(5,628)	(1,604)
<u>Other Financing Sources (Uses):</u>						
Advances In	7,340	10,532	-	-	5,703	23,575
Advances Out	(1,032)	-	(9,500)	-	(7,340)	(17,872)
<i>Total Other Financing Sources (Uses)</i>	<u>6,308</u>	<u>10,532</u>	<u>(9,500)</u>	<u>-</u>	<u>(1,637)</u>	<u>5,703</u>
Net Change in Fund Balances	1,417	(3,244)	13,206	(15)	(7,265)	4,099
Fund Balances (Deficit) Beginning of Year	17,136	4,329	52,468	13,455	10,172	97,560
Fund Balances (Deficit) End of Year	<u>\$18,553</u>	<u>\$1,085</u>	<u>\$65,674</u>	<u>\$13,440</u>	<u>\$2,907</u>	<u>\$101,659</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$25,310	\$25,310	\$25,067	(\$243)
Intergovernmental	22,510	22,510	33,578	11,068
Interest	40	40	180	140
Miscellaneous	-	-	657	657
Total Receipts	47,860	47,860	59,482	11,622
<u>Disbursements:</u>				
Current:				
General Government	59,745	64,265	55,984	8,281
Health	4,000	4,000	3,695	305
Capital Outlay	5,000	5,000	4,694	306
Total Disbursements	68,745	73,265	64,373	8,892
Excess of Receipts Over (Under) Disbursements	(20,885)	(25,405)	(4,891)	20,514
<u>Other Financing Sources (Uses):</u>				
Advances In	-	-	7,340	7,340
Advances Out	-	-	(1,032)	(1,032)
Total Other Financing Sources (Uses)	-	-	6,308	6,308
Net Change in Fund Balance	(20,885)	(25,405)	1,417	26,822
Fund Balances (Deficit) Beginning of Year	17,136	17,136	17,136	-
Fund Balances (Deficit) End of Year	(\$3,749)	(\$8,269)	\$18,553	\$26,822

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Motor Vehicle License Tax Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Intergovernmental	\$12,515	\$12,515	\$12,434	(\$81)
Interest	-	-	6	6
<i>Total Receipts</i>	<u>12,515</u>	<u>12,515</u>	<u>12,440</u>	<u>(75)</u>
<u>Disbursements:</u>				
Current:				
Public Works	26,300	26,300	26,216	84
<i>Total Disbursements</i>	<u>26,300</u>	<u>26,300</u>	<u>26,216</u>	<u>84</u>
Excess of Receipts Over (Under) Disbursements	(13,785)	(13,785)	(13,776)	9
<u>Other Financing Sources (Uses):</u>				
Advances In	-	-	10,532	10,532
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>10,532</u>	<u>10,532</u>
Net Change in Fund Balance	(13,785)	(13,785)	(3,244)	10,541
Fund Balance Beginning of Year	<u>4,329</u>	<u>4,329</u>	<u>4,329</u>	<u>-</u>
Fund Balance (Deficit) End of Year	<u>(\$9,456)</u>	<u>(\$9,456)</u>	<u>\$1,085</u>	<u>\$10,541</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gas Tax Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Intergovernmental	\$69,995	\$69,995	\$86,212	\$16,217
Interest	20	20	383	363
Miacellaneous	10	10	17	7
<i>Total Receipts</i>	<u>70,025</u>	<u>70,025</u>	<u>86,612</u>	<u>16,587</u>
<u>Disbursements:</u>				
Current:				
Public Works	52,058	52,133	50,466	1,667
Capital Outlay	8,800	13,439	13,439	0
<i>Total Disbursements</i>	<u>60,858</u>	<u>65,572</u>	<u>63,905</u>	<u>1,667</u>
Excess of Receipts Over (Under) Disbursements	9,167	4,453	22,707	18,254
<u>Other Financing Sources (Uses):</u>				
Advances Out	-	-	(9,500)	(9,500)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(9,500)</u>	<u>(9,500)</u>
Net Change in Fund Balance	9,167	4,453	13,207	8,754
Fund Balance Beginning of Year	<u>52,468</u>	<u>52,468</u>	<u>52,468</u>	<u>-</u>
Fund Balance (Deficit) End of Year	<u>\$61,635</u>	<u>\$56,921</u>	<u>\$65,675</u>	<u>\$8,754</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property and Other Local Taxes	\$14,510	\$14,510	\$13,985	(\$525)
Interest	5	5	-	(5)
Miscellaneous	5	5	-	(5)
<i>Total Receipts</i>	<u>14,520</u>	<u>14,520</u>	<u>13,985</u>	<u>(535)</u>
<u>Disbursements:</u>				
Current:				
Public Safety	14,100	14,100	14,000	100
<i>Total Disbursements</i>	<u>14,100</u>	<u>14,100</u>	<u>14,000</u>	<u>100</u>
Net Change in Fund Balance	420	420	(15)	(435)
Fund Balances Beginning of Year	<u>13,455</u>	<u>13,455</u>	<u>13,455</u>	<u>-</u>
Fund Balance End of Year	<u>\$13,875</u>	<u>\$13,875</u>	<u>\$13,440</u>	<u>(\$435)</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Cash Basis Assets and Fund Balances
Enterprise Funds
December 31, 2007

	<u>Business - Type Activities</u>	
	Water Fund	Total Enterprise Funds
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	(\$2,685)	(\$2,685)
<u>Fund Balances:</u>		
Unrestricted	(2,685)	(2,685)
<i>Total Fund Balances</i>	(\$2,685)	(\$2,685)

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Cash Receipts
Disbursements and Changes in Fund Net Assets - Cash Basis
Enterprise Funds
For the Year Ended December 31, 2007

	Business - Type Activities	
	Water Fund	Total Enterprise Funds
<u>Operating Receipts:</u>		
Charges for Services	\$ 8,383	\$ 8,383
<i>Total Operating Receipts</i>	8,383	\$ 8,383
<u>Operating Disbursements:</u>		
Current:		
Contractual Services	6,466	6,466
<i>Total Operating Disbursements</i>	6,466	6,466
 <i>Operating Income (Loss)</i>	 1,917	 \$ 1,917
<u>Non-Operating Receipts (Disbursements)</u>		
Advances Out	(5,703)	(5,703)
<i>Change in Net Assets</i>	(3,786)	\$ (3,786)
<i>Net Assets, Beginning of Year</i>	1,101	1,101
<i>Net Assets, End of Year</i>	\$ (2,685)	\$ (2,685)

See Accompanying Notes to the Basic Financial Statements

Bratton Township
Statement of Net Assets - Cash Basis
December 31, 2006

	Governmental Activities	Business - Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 97,560	\$ 1,101	\$ 98,661
<i>Total Assets</i>	\$ 97,560	\$ 1,101	\$ 98,661
<u>Net Assets:</u>			
Restricted for Other Purposes	\$ 80,424	\$ -	\$ 80,424
Unrestricted	17,136	1,101	18,237
<i>Total Net Assets</i>	\$ 97,560	\$ 1,101	\$ 98,661

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business Types Activities	Total
<u>Governmental Activities:</u>						
General Government	\$ 72,385	\$ -	\$ -	\$ (72,385)	\$ -	\$ (72,385)
Public Safety	14,100	-	-	(14,100)	-	(14,100)
Public Works	115,185	9,378	102,832	(2,975)	-	(2,975)
Health Services	4,596	-	-	(4,596)	-	(4,596)
Capital Outlay	89,985	-	-	(89,985)	-	(89,985)
Debt Service:						
Principal Payment	5,262	-	-	(5,262)	-	(5,262)
Interest and Fiscal Charges	498	-	-	(498)	-	(498)
<i>Total Governmental Activities</i>	<u>302,011</u>	<u>9,378</u>	<u>102,832</u>	<u>(189,801)</u>	<u>-</u>	<u>(189,801)</u>
<u>Business Type Activities:</u>						
Water	4,602	5,703	-	-	1,101	1,101
<i>Total Business Activities</i>	<u>4,602</u>	<u>5,703</u>	<u>-</u>	<u>-</u>	<u>1,101</u>	<u>1,101</u>
Total	<u>306,613</u>	<u>15,081</u>	<u>102,832</u>	<u>(189,801)</u>	<u>1,101</u>	<u>(188,700)</u>
General Receipts						
Property and Other Taxes Levied for:						
General Purposes				25,541	-	25,541
Fire District				14,418	-	14,418
Grants and Entitlements not						
Restricted to Specific Programs				27,886	-	27,886
Interest				2,092	-	2,092
Proceeds from Sale of Bonds				59,996	-	59,996
Miscellaneous				44	-	44
<i>Total General Receipts</i>				<u>129,977</u>	<u>-</u>	<u>129,977</u>
Change in Net Assets				(59,824)	1,101	(58,723)
<i>Net Assets, Beginning of Year</i>				<u>157,384</u>	<u>-</u>	<u>157,384</u>
<i>Net Assets, End of Year</i>				<u>\$ 97,560</u>	<u>\$ 1,101</u>	<u>\$ 98,661</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	<u>\$17,136</u>	<u>\$52,468</u>	<u>\$13,456</u>	<u>\$14,500</u>	<u>\$97,560</u>
<u>Fund Balances:</u>					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	17,136	-	-	-	17,136
Special Revenue Funds	-	52,468	13,456	14,500	80,424
<i>Total Fund Balances</i>	<u>\$17,136</u>	<u>\$52,468</u>	<u>\$13,456</u>	<u>\$14,500</u>	<u>\$97,560</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Fire District	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$25,541	\$ -	\$ 14,418	\$ -	\$39,959
Intergovernmental	27,885	90,204	-	22,006	140,095
Earnings on investment	852	1,101	-	140	2,093
Miscellaneous	31	-	13	-	44
<i>Total Receipts</i>	<u>54,309</u>	<u>91,305</u>	<u>14,431</u>	<u>22,146</u>	<u>182,191</u>
<u>Disbursements:</u>					
Current:					
General Government	72,385	-	-	-	72,385
Public Works	-	84,421	-	30,764	115,185
Public Safety	-	-	14,100	-	14,100
Health	4,596	-	-	-	4,596
Capital Outlay	89,985	-	-	-	89,985
Debt Service					
Principal Retirement	-	-	-	5,262	5,262
Interest and Fiscal Charges	-	-	-	498	498
<i>Total Disbursements</i>	<u>166,966</u>	<u>84,421</u>	<u>14,100</u>	<u>36,524</u>	<u>302,011</u>
Excess of Receipts Over (Under) Disbursements	(112,657)	6,884	331	(14,378)	(119,820)
<u>Other Financing Sources (Uses):</u>					
Sale of Bonds	59,996	-	-	-	59,996
<i>Total Other Financing Sources (Uses)</i>	<u>59,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,996</u>
Net Change in Fund Balances	(52,661)	6,884	331	(14,378)	(59,824)
Fund Balances (Deficit) Beginning of Year	69,797	45,584	13,125	28,878	157,384
Fund Balances (Deficit) End of Year	<u>\$17,136</u>	<u>\$52,468</u>	<u>\$13,456</u>	<u>\$14,500</u>	<u>\$97,560</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			<i>Variance Positive (Negative)</i>
	Original	Final	Actual	
<u>Receipts:</u>				
Property Taxes	\$21,700	\$25,310	\$25,541	\$231
Intergovernmental	30,000	22,510	27,885	5,375
Interest	40	40	852	812
Miscellaneous	-	-	31	31
<i>Total Receipts</i>	51,740	47,860	54,309	6,449
<u>Disbursements:</u>				
Current:				
General Government	60,862	74,190	72,385	1,805
Health	4,700	4,700	4,596	104
Capital Outlay	31,601	42,070	89,985	(47,915)
<i>Total Disbursements</i>	97,163	120,960	166,966	(46,006)
Excess of Receipts Over (Under) Disbursements	(45,423)	(73,100)	(112,657)	(39,557)
<u>Other Financing Sources (Uses):</u>				
Sale of Bonds	4,908	4,908	59,996	55,088
Total Other Financing Sources (Uses)	4,908	4,908	59,996	55,088
Net Change in Fund Balance	(40,515)	(68,192)	(52,661)	15,531
Fund Balances (Deficit) Beginning of Year	69,797	69,797	69,797	-
Fund Balances (Deficit) End of Year	\$29,282	\$1,605	\$17,136	\$15,531

See Accompanying Notes to the Basic Financial Statements

Bratton Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Intergovernmental	\$70,000	\$70,000	\$90,204	\$20,204
Interest	15	15	1101	1,086
Miscellaneous	10	10	-	(10)
<i>Total Receipts</i>	<u>70,025</u>	<u>70,025</u>	<u>91,305</u>	<u>21,280</u>
<u>Disbursements:</u>				
Current:				
Public Works	85,940	85,958	84,421	1,537
<i>Total Disbursements</i>	<u>85,940</u>	<u>85,958</u>	<u>84,421</u>	<u>1,537</u>
Net Change in Fund Balance	(15,915)	(15,933)	6,884	22,817
Fund Balance Beginning of Year	45,584	45,584	45,584	-
Prior Year Encumbrances Appropriated	300	300	-	(300)
Fund Balance (Deficit) End of Year	<u>\$29,969</u>	<u>\$29,951</u>	<u>\$ 52,468</u>	<u>\$22,517</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property and Other Local Taxes	\$12,525	\$12,525	\$14,418	\$1,893
Intergovernmental	1,670	1,670	-	(1,670)
Interest	5	5	-	(5)
Other	5	5	13	8
<i>Total Receipts</i>	<u>14,205</u>	<u>14,205</u>	<u>14,431</u>	<u>226</u>
<u>Disbursements:</u>				
Current:				
Public Safety	<u>14,100</u>	<u>14,100</u>	<u>14,100</u>	<u>0</u>
<i>Total Disbursements</i>	<u>14,100</u>	<u>14,100</u>	<u>14,100</u>	<u>0</u>
Net Change in Fund Balance	105	105	331	226
Fund Balances, Beginning of Year	<u>13,125</u>	<u>13,125</u>	<u>13,125</u>	<u>-</u>
Fund Balance, End of Year	<u>\$13,230</u>	<u>\$13,230</u>	<u>\$13,456</u>	<u>\$226</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Cash Basis Assets and Fund Balances
Enterprise Funds
December 31, 2006

	<u>Business - Type Activities</u>	
	<u>Water Fund</u>	<u>Total Enterprise Funds</u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 1,101	\$ 1,101
<u>Fund Balances:</u>		
Unrestricted	1,101	1,101
<i>Total Fund Balances</i>	<u>\$ 1,101</u>	<u>\$ 1,101</u>

See Accompanying Notes to the Financial Statements

Bratton Township
Statement of Cash Receipts
Disbursements and Changes in Fund Net Assets - Cash Basis
Enterprise Funds
For the Year Ended December 31, 2006

	Business - Type Activities	
	Water Fund	Total Enterprise Funds
<u>Operating Receipts:</u>		
Charges for Services	\$ 5,703	\$ 5,703
<i>Total Operating Receipts</i>	5,703	5,703
<u>Operating Disbursements:</u>		
Current:		
Contractual Services	4,602	4,602
<i>Total Operating Disbursements</i>	4,602	4,602
 <i>Operating Income (Loss)</i>	 1,101	 1,101
 <i>Change in Net Assets</i>	 1,101	 1,101
<i>Net Assets, Beginning of Year</i>	-	-
<i>Net Assets, End of Year</i>	\$ 1,101	\$ 1,101

See Accompanying Notes to the Basic Financial Statements

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

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.

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, 2007 and 2006

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 purpose 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.

Fire District Fund – This fund receives property tax money to pay for providing fire protection to township residents.

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, 2007 and 2006

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

B. Fund Accounting (Continued)

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's only enterprise funds is the water fund.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

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 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 certificate 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.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

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 2007 and 2006 was \$180 and \$852, Interest receipts credited to other Township funds during 2007 and 2006 was \$403 and \$1,241 respectively, assigned from other Township funds.

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 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 policy is to first apply restricted resources when an obligation is incurred for purposes of which both retracted and unrestricted net assets are available. Restricted assets represent \$83,106 of a total fund balance of \$99,738 in 2007 and \$80,424 of a total balance of \$98,661 in 2006.

I. Inter fund 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 – 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 a reservation of fund balance (cash basis).

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

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 no 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).

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Deposits and Investments (continued)

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 2007, \$7,481 of the Township's bank balance of \$ 107,481 was exposed to custodial risk and at the end of fiscal year end 2006, \$3,386 of the Township's bank balance of \$103,386 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 a 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 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 receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, 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 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. 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.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Property Taxes (continued)

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, were \$12.95 per 1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	<u>2007</u>	<u>2006</u>
Real Property		
Residential	\$9,574,930	\$3,668,330
Agriculture	3,591,660	9,226,510
Commercial/Industrial/Mineral	40,320	38,600
Public Utility		
Real	0	0
Personal	676,540	684,300
General Personal Property	165,460	68,900
Total Assessed Value	<u>\$14,048,910</u>	<u>\$13,686,640</u>

Note 6 – 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 Township 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 governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, 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. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence; claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,695,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 – Risk Management (continued)

If losses exhaust PEP'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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

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 annual aggregate loss payments. Travelers provides aggregate stop-loss coverage the combined members' total insurable values. If the stop-loss 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 2007 (latest information available) was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claim 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.

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA sixty days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contributions. Withdrawing members have no other future obligation to the pool. Also, upon withdrawal, payments for all 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.

Financial Position

OTARMA's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

	2007	2006
Assets	\$ 43,210,706	\$ 42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained Earnings	\$ 29,852,869	\$ 29,921,614

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 – Risk Management (continued)

The Township's share of these unpaid claims collectible in future years is approximately \$8,674. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2007	\$4,337
2006	\$4,925

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans.

1. The Traditional Plan - a cost-sharing, multi-employer defined benefit pension plan.
2. The Member-Directed Plan - 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.
3. The Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invest employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 – Defined Benefit Pension Plans (continued)

For the year ended December 31, 2007 and 2006, the members of all three plans were required to contribute 9.5% and 9.0% of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 and 2006 was 13.85% and 13.70%, respectively.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$2,375, \$2,218, and 2,087 respectively. The full amount has been contributed for 2007, 2006, and 2005.

Note 8 – Post-employment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability 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 Post-employment 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 2007 and 2006 local government employer contribution rate was 13.85 and 13.70 percent of covered payroll. The portion of employer contributions, for all employers, allocated to health care was 5.00 percent from January 1 through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed December 31, 2006, include a rate of return on investments of 6.5 percent, 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 0.50 to 5.00 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 Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual Township contributions for 2007 and 2006, which were used to fund post-employment benefits, were \$1,029 and \$801, respectively. 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, 2006, (the latest information available) was \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 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, January 1, 2007 and January 1, 2008, which allowed 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, 2007 and 2006

Note 9 – Debt

The Township’s long-term debt activity for the period January 1, 2006 through December 31, 2007, was as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>						
General Term Note	4.58%	\$10,774	\$0	\$10,774	\$0	\$0
Building Bond	5.74%	\$0	\$60,000	\$6,000	\$54,000	\$6,000
Totals		<u>\$10,774</u>	<u>\$60,000</u>	<u>\$16,774</u>	<u>\$54,000</u>	<u>\$6,000</u>

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

Year	<u>Community Building Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 6,000	\$ 3,104
2009	6,000	2,699
2010	6,000	2,325
2011	6,000	1,980
2012	6,000	1,636
2013-2016	<u>24,000</u>	<u>3,100</u>
Totals	<u>\$ 54,000</u>	<u>\$ 14,844</u>

Note 10 - Compliance

- (1) Contrary to Ohio Revised Code Section 5705.09(C), the Township did not establish a Debt retirement Fund
- (2) During 2006 and 2007, the Township did not keep an accurate record of the proceedings of the Board of Trustees as required by Ohio Revised Code 507.04.
- (3) During 2007, the Township’s appropriations for the Motor Vehicle License Tax Fund and Permissive Motor Vehicle Tax fund exceeded the amount available for appropriation by \$9,530, and 2,996 respectively. The Township did not obtain an amended certificate of estimated resources for as required by Ohio Revised Code 5705.36.
- (4) During 2007, the Township’s appropriations for the General Fund, Motor Vehicle License Tax Fund and Permissive Motor Vehicle fund exceeded total estimated revenue by \$7,192, \$9,456 and \$4,158 respectively the Township did not obtain an amended certificate of estimated resources for as required by Ohio Revised Code 5705.39.

Bratton Township
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 10 – Compliance (Continued)

- (5) During 2006, the Township posted amended appropriations that were not approved by the Board of Trustees as required by Ohio Revised Code 5705.40.
- (6) During 2006, the Township did not properly appropriate money that was expended from the General Fund as required by Ohio Revised Code 5705.41(B).
- (7) During 2006 and 2007, the Township did not properly certify the availability of funds prior to obligation as required by Ohio Revised Code 5705.41(D).
- (8) Contrary to Ohio Rev. Code Section 5705.10, the Township's Water Sales Fund had a negative fund balance as of December 31, 2007. This indicates that money from other funds was used to cover the expenses of the Water Sales fund. This section provides that all money paid into a fund must be used only for purposes for which the fund was established.

Note 11 – Related Party Transactions

In 2007, the Township made disbursements to Garrett's Custom Woodworking totaling \$3,690 for furniture purchased for the new Township hall. Garrett's Custom Woodworking is a business that is run by Jerry Garrett, husband of fiscal officer (Kristina Owen Garrett) during the audit period.

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Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

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
Bratton Township
Adams County
2535 Loudon Road
Peebles, Ohio 45660

We have audited the financial statements of the governmental activities, business activities, each major fund and the aggregate remaining fund information of Bratton Township (the Township), Adams County, as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's financial statements, and have issued our report thereon dated January 30, 2009, wherein we noted that the Township prepared its financial statements on the cash basis, a comprehensive basis of accounting other than the generally accounting principles, generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting. However as discussed in the following paragraph, we identified certain deficiencies in internal control over financial reporting that we consider to be significant.

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. The results of our tests disclosed instances of significant internal control deficiencies that are required to be reported under *Government Auditing Standards*. We consider the following deficiencies described in the accompanying schedule of findings and response to be significant deficiencies in internal control over financial reporting as items 2007-009, 2007-010, 2007-011 and 2007- 012.

Bratton Township
Adams County

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 material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the following deficiencies described in the accompany schedule of findings and responses to be material weaknesses in internal control over financial reporting as items, 2007-009, 2007-011 and 2007-012.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 such an opinion. The results of our tests disclosed eight instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items 2007-001, 2007-002, 2007-003, 2007-004, 2007-005, 2007-006, 2007-007 and 2007-008.

We noted certain other matters that we reported to the Township's management in a separate letter dated January 30, 2009.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings Responses. We did not audit the Township's responses and, accordingly, we express no opinion in them.

This report is intended for the information and use of management, and the Township's trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

January 30, 2009

**BRATTON TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation - Ohio Rev. Code Section 5705.09(C)

The Ohio Revised Code Section 5705.09(C) requires the Township to establish a bond retirement fund into which it must pay sufficient revenues to retire serial bonds, notes and certificates of indebtedness at maturity.

The Township has not established a bond retirement fund. In 2007 and 2006, the community bond and note payments were made from the Gas Tax Fund and Permissive Motor Vehicle License Tax Fund respectively.

The Township should establish a bond retirement fund. The Township should then appropriate and transfer a sufficient amount of monies to the bond retirement fund to ensure that the fund has adequate funding to pay for the Township's debts. All debt should be paid out of the Bond Retirement Fund.

Township Response:

The Township will establish a debt retirement fund and monitor debt payments more closely to ensure that all debt payments are made from the Bond Retirement Fund.

FINDING NUMBER 2007-002

Noncompliance Citation – Ohio Rev. Code Section 507.04

Ohio Rev. Code Section 507.04 requires the Township clerk to keep an accurate record of the proceedings of all Board of Trustees' meetings and all of its accounts and transactions.

The minutes did not mention all budgetary activity, pay rates for employees or the lot prices for cemetery lots.

The minutes are the official record of the Board of Trustees and should contain all pertinent business of the Township providing management and the public a clear overview of the activities of the Township. If inaccurate, it is difficult for the public to have a clear understanding of the happenings.

Township Response:

The township will ensure that adequate documentation is maintained for all Board meetings.

FINDING NUMBER 2007-003

Noncompliance Citation – Ohio Rev. Code Section 5705.10

The Ohio Revised Code Section 5705.10 requires that all money paid into any fund be used only for purposes for which the fund is established.

Contrary to this requirement, the Township Water Sales ended the year with a negative fund balance amount (\$ 2,685) as of December 31, 2007.

**BRATTON TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-003 (Continued)

Negative fund balances indicate that money from one fund was used to cover the expenses of another fund.

Money in any fund should only be used for the purpose for which the fund was established.

Township Response:

The township will ensure money in any fund will only be used for the purposes for which the fund was established.

FINDING NUMBER 2007-004

Noncompliance Citation – Ohio Rev. Code Section 5705.36

The Ohio Revised Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. ORC 5705.36 requires the Township to obtain an increased amended certificate of estimated resources from the budget commission if the legislative authority intends to appropriate and expend excess revenue. The Ohio Revised Code Section 5705.36 (A) (4) requires the Township to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

Contrary to Ohio Rev. Code Section 5705.36, in 2007, appropriations for the Motor Vehicle License Tax Fund and Permissive Motor Vehicle Tax fund exceeded the amount available for appropriation by \$9,530, and 2,996 respectively.

This could allow deficit spending to occur.

We recommend the Fiscal Officer obtain a reduced certificate of estimated resources when it is determined that estimated receipts will be less than the actual receipts causing resources to fall below the level of appropriations. Approval of the modifications should be enacted and documented in the Township Minutes.

Township Response:

The Township will monitor budgetary compliance more closely.

FINDING NUMBER 2007-005

Noncompliance Citation – Ohio Rev. Code Section 5705.39

Ohio Rev. Code Section 5705.39 states total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

**BRATTON TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-005 (Continued)

Contrary to this requirement, appropriations for the General Fund, Motor Vehicle License Tax Fund and Permissive Motor Vehicle fund exceeded total estimated revenue by \$7,192, \$9,456 and \$4,158 respectively in 2007.

The Township should monitor the budgetary financial reports throughout the year and amend its budgeted resources and appropriations, as needed by resolution.

Township Response:

The Township will monitor budgetary compliance more closely.

FINDING NUMBER 2007-006

Noncompliance Citation – Ohio Rev. Code Section 5705.40

Ohio Revised Code Section 5705.40 allows for the Township to amend or supplement any appropriation ordinance by resolution of the Board of Trustees, and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

The Township posted amended appropriations on 8/15/06 in the amount of \$53,033 that were not approved by the Board of Trustees.

This could lead to deficient spending and other budgetary problems for the Township.

The Fiscal Officer should ensure that all appropriation ordinance amendments are approved by the Board of Trustees at all times.

Township Response:

The Township will ensure that all appropriation amendments are approved and documented as approved by all the Board of Trustees at all times.

FINDING NUMBER 2007-007

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B)

Ohio Revised Code Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations at the legal level of control in the General Fund by \$44,930 in 2007.

Failure to limit expenditures by approving appropriations and obtaining a revised certificate of estimated resources by the County Auditor could result in deficit spending and deficit fund balances.

The Fiscal Officer should deny payment requests and not certify the availability of Funds exceeding appropriations and amending estimated resources, if necessary.

**BRATTON TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-007 (Continued)

Township Response:

The Township will monitor budgetary compliance more closely.

FINDING NUMBER 2007-008

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D) (1)

Ohio Rev. Code Section 5705.41 (D) (1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D) (1):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due.

The taxing authority has 30 days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

Contrary to this requirement, the Township did not properly certify the availability of funds prior to obligation for 25.4% or \$23471 81% of the purchases tested in 2007 and or \$164,674 of the purchases tested in 2006.

We recommend the Township implement policies to ensure that all purchases first have monies certified by the Clerk Treasurer before purchasing or ordering an item. We also recommend the use of a “then and now” certificate in instances of emergency or absence of proper authority.

Township Response:

Township officials will monitor the proper certifying of expenditures more closely.

**BRATTON TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-009

Significant Deficiency/Material Weakness – System Discrepancies

The receipt book in 2006 and 2007 would not reconcile to the Receipt Register for each corresponding year.

During 2006 and 2007, the Township accounting systems (UAN) did not properly reflect all budgetary data approved by the Board of Trustees.

This may lead to deficient spending or other budgetary issues. It also may lead to the misappropriation of the Township's assets.

The Township should maintain adequate supporting documentation for monies received, including receipts or copies of checks and receipts. The Township accounting system should accurately reflect all budgetary entries approved by the Board of Trustees.

Township Response:

The Township will maintain adequate documentation for all transactions.

FINDING NUMBER 2007-010

Significant Deficiency - Payroll Procedures

In 2007 and 2006, timesheets were not signed by a supervisor prior to payment. Failure to review and authorize timesheets could lead to errors and discrepancies in hours compensated.

All timesheets including upper management's, should have supervision to ensure the accuracy of hours worked. As well all timesheets should be dated to document the date and amount of work performed for appropriation purposes.

We recommend the Township develop and adopt appropriate procedures to ensure that all timesheets are properly reviewed and authorized.

Township Response:

The Township will ensure that all timesheets are closely supervised and signed as proof of supervision..

**BRATTON TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-011

Significant Deficiency/ Material Weakness - Misclassification of Receipts and Disbursements

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 112 establishes standards, responsibilities and guidance for audits during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the auditor to report *in writing* to management and the governing body any control deficiencies found during the engagement that are considered significant deficiencies and/or material weaknesses.

During 2007 and 2006, the Township erroneously posted charges for services, tax and intergovernmental receipts debt payments and operating disbursements for the Water Fund. These required reclassifications to properly present the activities of the Township for both years.

We recommend the Township implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

Township Response:

The township will ensure that all postings are made appropriately

FINDING NUMBER 2007-012

Significant Deficiency / Material Weakness - Signed blank checks and manual checks

The Township trustees sign blank checks for the Fiscal Officer to have at her disposal for necessary expenditures. This is the reason the Township issued manual checks.

Signed blank checks increase the risk of entity personnel overriding controls. Printed checks decrease the risk of entity personnel overriding established approval procedures for transactions. The absence of control may lead to deficient spending and other budgetary issues of the Township.

The Township should only issue printed checks for all cash disbursements. The board of trustees should not allow for signed blank checks.

Township Response:

The Township will ensure that no signed blank checks or manual checks are issued.

**BRATTON TOWNSHIP
ADAMS COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS

For The Years Ended December 31, 2007 and 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	Revised code 5705.41(D) Prior certificate for expenditures	No	Reissued as finding # 2007-008



Mary Taylor, CPA
Auditor of State

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
DECEMBER 17, 2009**