



OHIO AUDITOR OF STATE
KEITH FABER



**BATAVIA TOWNSHIP
CLERMONT COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Batavia Township
Clermont County
1535 Clough Pike
Batavia, Ohio 45103

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Batavia Township, Clermont County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Batavia Township, Clermont County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 7, 2020

Batavia Township

Clermont County, Ohio

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$309,760	\$1,330,848	\$0	\$0	\$1,640,608
Licenses, Permits and Fees	162,758	93,918	0	0	256,676
Fines and Forfeitures	0	691	0	0	691
Intergovernmental	158,847	395,849	0	0	554,696
Payment in Lieu of Taxes	119,000	0	0	0	119,000
Earnings on Investments	18,058	5,040	0	0	23,098
Miscellaneous	3,686	12,277	0	0	15,963
<i>Total Cash Receipts</i>	<u>772,109</u>	<u>1,838,623</u>	<u>0</u>	<u>0</u>	<u>2,610,732</u>
Cash Disbursements					
Current:					
General Government	528,947	55,706	0	0	584,653
Public Safety	0	669,118	0	0	669,118
Public Works	18,874	888,955	0	0	907,829
Health	80,153	16,669	0	0	96,822
Human Services	0	1,206	0	0	1,206
Conservation-Recreation	52,760	0	0	0	52,760
Capital Outlay	7,484	128,217	0	0	135,701
Debt Service:					
Principal Retirement	0	0	61,000	0	61,000
Interest and Fiscal Charges	0	0	12,431	0	12,431
<i>Total Cash Disbursements</i>	<u>688,218</u>	<u>1,759,871</u>	<u>73,431</u>	<u>0</u>	<u>2,521,520</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>83,891</u>	<u>78,752</u>	<u>(73,431)</u>	<u>0</u>	<u>89,212</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	0	78,500	0	78,500
Transfers Out	(78,500)	0	0	0	(78,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(78,500)</u>	<u>0</u>	<u>78,500</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	5,391	78,752	5,069	0	89,212
<i>Fund Cash Balances, January 1</i>	<u>823,880</u>	<u>2,234,777</u>	<u>10,302</u>	<u>1,924</u>	<u>3,070,883</u>
Fund Cash Balances, December 31					
Restricted	0	2,175,288	15,371	1,924	2,192,583
Assigned	608,902	138,241	0	0	747,143
Unassigned (Deficit)	220,369	0	0	0	220,369
<i>Fund Cash Balances, December 31</i>	<u>\$829,271</u>	<u>\$2,313,529</u>	<u>\$15,371</u>	<u>\$1,924</u>	<u>\$3,160,095</u>

See accompanying notes to the basic financial statements

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Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Batavia Township, Clermont County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, police protection, fire protection and emergency medical services. The Township contracts with Clermont County to provide police protection and with Central Joint Fire and EMS District to provide fire services and emergency medical services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund The gas tax fund received gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Police District Fund The police district fund receives tax money from a 1 mil levy that was passed in 2007 for enhanced police protection via contract with the Clermont County Sheriff's Office. A levy was passed in March 2016 for an additional 1 mil to help supplement declining revenue and carry over from year to year. This should allow for the additional personnel in 2019 with the new contract renewal with the Sheriff's Office.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Loan/Mortgage Retirement Fund The general loan/mortgage retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the building of the community center.

Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Employees are only entitled to half accumulated sick pay upon retirement, otherwise accumulated leave is transferred to a subsequent employer. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$734,580	\$772,109	\$37,529
Special Revenue	1,755,750	1,838,623	82,873
Debt Service	78,500	78,500	0
Total	\$2,568,830	\$2,689,232	\$120,402

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$961,294	\$775,749	\$185,545
Special Revenue	2,184,320	1,770,384	413,936
Debt Service	73,508	73,431	77
Total	\$3,219,122	\$2,619,564	\$599,558

Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits

The Township maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Demand deposits	<u>\$3,160,095</u>
Total deposits	<u><u>\$3,160,095</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019

Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2019</i>	<i>10%</i>	<i>14%</i>

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building Improvement Refunding Bonds	<u>\$411,000</u>	2.65%
Total	<u><u>\$411,000</u></u>	

The Township issued building improvement refunding bonds in 2014 to finance the permanent improvements for the Township building in the amount of \$667,000.

Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Building Improvement Refunding Bonds
2020	75,891
2021	73,169
2022	75,473
2023	76,671
2024	73,880
2025-2029	74,935
Total	<u>\$450,019</u>

Note 10 – Jointly Governed Organizations

The Township is jointly involved with the Batavia Union Cemetery and the Central Joint Fire & EMS District with the Village of Batavia. Voting membership is equally divided between the entities. The Cemetery is funded by equal amounts from the Township and the Village. The Central Joint Fire & EMS District is funded by operating levies.

Note 11 – Subsequent Events

COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Village of Amelia Dissolution

The Village of Amelia voted to dissolve in November 2019. As a result, the Village became part of Batavia Township and Pierce Township. The Township, jointly with Pierce Township, took over providing services in the respective areas on November 25th, 2019, immediately following the election certification process. These services included fire and EMS, police coverage and road maintenance. The Auditor of State is currently overseeing a transition period and the dissolution is expected to be finalized in the next several months.

Batavia Township

Clermont County, Ohio

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$319,579	\$1,323,469	\$0	\$0	\$1,643,048
Licenses, Permits and Fees	150,924	96,441	0	0	247,365
Fines and Forfeitures	0	667	0	0	667
Intergovernmental	121,164	349,119	0	0	470,283
Payment in Lieu of Taxes	247,907	0	0	0	247,907
Earnings on Investments	8,723	2,754	0	0	11,477
Miscellaneous	7,552	7,695	0	0	15,247
<i>Total Cash Receipts</i>	<u>855,849</u>	<u>1,780,145</u>	<u>0</u>	<u>0</u>	<u>2,635,994</u>
Cash Disbursements					
Current:					
General Government	508,689	52,516	0	0	561,205
Public Safety	0	422,670	0	0	422,670
Public Works	19,904	814,320	0	0	834,224
Health	79,467	30,852	0	0	110,319
Human Services	0	2,000	0	0	2,000
Conservation-Recreation	96,438	0	0	0	96,438
Capital Outlay	7,193	50,768	0	0	57,961
Debt Service:					
Principal Retirement	0	0	62,000	0	62,000
Interest and Fiscal Charges	0	0	14,109	0	14,109
<i>Total Cash Disbursements</i>	<u>711,691</u>	<u>1,373,126</u>	<u>76,109</u>	<u>0</u>	<u>2,160,926</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>144,158</u>	<u>407,019</u>	<u>(76,109)</u>	<u>0</u>	<u>475,068</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	75,208	0	0	0	75,208
Transfers In	0	0	78,500	0	78,500
Transfers Out	(78,500)	0	0	0	(78,500)
Other Financing Sources	9,019	0	0	0	9,019
<i>Total Other Financing Receipts (Disbursements)</i>	<u>5,727</u>	<u>0</u>	<u>78,500</u>	<u>0</u>	<u>84,227</u>
<i>Net Change in Fund Cash Balances</i>	<u>149,885</u>	<u>407,019</u>	<u>2,391</u>	<u>0</u>	<u>559,295</u>
<i>Fund Cash Balances, January 1</i>	<u>673,995</u>	<u>1,827,758</u>	<u>7,911</u>	<u>1,924</u>	<u>2,511,588</u>
Fund Cash Balances, December 31					
Restricted	0	2,131,052	10,302	1,924	2,143,278
Committed	0	0	0	0	0
Assigned	226,714	103,725	0	0	330,439
Unassigned (Deficit)	597,166	0	0	0	597,166
<i>Fund Cash Balances, December 31</i>	<u>\$823,880</u>	<u>\$2,234,777</u>	<u>\$10,302</u>	<u>\$1,924</u>	<u>\$3,070,883</u>

See accompanying notes to the basic financial statements

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Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Batavia Township, Clermont County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, police protection, fire protection and emergency medical services. The Township contracts with Clermont County to provide police protection and with Central Joint Fire and EMS District to provide fire services and emergency medical services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

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Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund The gas tax fund received gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Police District Fund The police district fund receives tax money from a 1 mil levy that was passed in 2007 for enhanced police protection via contract with the Clermont County Sheriff's Office. A levy was passed in March 2016 for an additional 1 mil to help supplement declining revenue and carry over from year to year. This should allow for the additional personnel in 2019 with the new contract renewal with the Sheriff's Office.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Loan/Mortgage Retirement Fund The general loan/mortgage retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the building of the community center.

Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Employees are only entitled to half accumulated sick pay upon retirement, otherwise accumulated leave is transferred to a subsequent employer. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

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

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$930,706	\$940,076	\$9,370
Special Revenue	1,754,096	1,780,145	26,049
Debt Service	78,500	78,500	0
Total	\$2,763,302	\$2,798,721	\$35,419

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$943,100	\$792,110	\$150,990
Special Revenue	1,624,150	1,419,946	204,204
Debt Service	76,151	76,109	42
Capital Projects	1,893	0	1,893
Total	\$2,645,294	\$2,288,165	\$357,129

Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits

The Township maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2018
Demand deposits	\$3,070,883
Total deposits	\$3,070,883

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

2018

Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2018</i>	<i>10%</i>	<i>14%</i>

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building Improvement Refunding Bonds	\$472,000	2.65%
Total	<u>\$472,000</u>	

The Township issued building improvement refunding bonds in 2014 to finance the permanent improvements for the Township building in the amount of \$667,000.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Batavia Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Year Ending December 31:	Building Improvement Refunding Bonds
2019	\$73,508
2020	75,891
2021	73,169
2022	75,473
2023	76,671
2024-2028	148,814
Total	<u>\$523,526</u>

Note 10 – Jointly Governed Organizations

The Township is jointly involved with the Batavia Union Cemetery and the Central Joint Fire & EMS District with the Village of Batavia. Voting membership is equally divided between the entities. The Cemetery is funded by equal amounts from the Township and the Village. The Central Joint Fire & EMS District is funded by operating levies.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Batavia Township
Clermont County
1535 Clough Pike
Batavia, Ohio 45103

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Batavia Township, Clermont County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated October 7, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Township's Response to Finding

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 7, 2020

**BATAVIA TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We identified the following conditions related to the above criteria:

- The total General fund December 31, 2018 and 2019 Fund Balance was classified as Unassigned; however \$226,714 in 2018 and \$608,902 in 2019 should have been classified as Assigned.
- Restricted fund balance was incorrectly reported as Assigned in the amount of \$5,941 in the FEMA Special Revenue Fund in 2018 and 2019.
- General Fund receipts totaling \$247,907 in 2018 and \$119,000 in 2019 were incorrectly posted to Intergovernmental Receipts rather than Payments in Lieu of Taxes.
- Homestead & Rollback receipts in the Police Fund totaling \$44,753 in 2018 and \$44,845 in 2019 were incorrectly posted to Property Taxes and Other Local Taxes instead of Intergovernmental Receipts.
- For 2018 and 2019, the Township's footnote to the financial statements for Budgetary Activity had incorrect amounts as follows:
 - 2018 Appropriations for the General Fund were incorrectly reported as \$919,920 and should have been \$943,100.
 - 2018 Appropriations for the Special Revenue were incorrectly reported as \$1,692,300 and should have been \$1,624,150.
 - 2018 Budgeted Receipts for the General Fund were incorrectly reported as \$647,120 and should have been \$930,706.
 - 2018 Budgeted Receipts for the Special Revenue were incorrectly reported as \$1,637,350 and should have been \$1,754,096.
 - 2018 Budgetary Expenditures in the Special Revenue were incorrectly reported as \$1,373,125 and should have been \$1,419,946.
 - 2019 Budgeted Receipts in the Special Revenue were incorrectly reported as \$1,753,750 and should have been \$1,755,750.
- For 2018 and 2019, the Township's footnotes to the financial statements had the following errors:
 - Deposits footnote for 2018 and 2019 included verbiage for investments which the Township does not have.

**FINDING NUMBER 2019-001
(Continued)**

- Deposits footnote for 2018 and 2019 did not state amounts of demand deposits of \$3,070,883 and \$3,160,095, respectively.
- Debt footnote for 2018 and 2019 did not include the interest rate of 2.65%.
- Debt outstanding at year end for 2018 and 2019 on the Debt footnote was incorrectly reported for 2018 and 2019 as \$523,480 and \$462,480 instead of \$472,000 and \$411,000, respectively.
- Amortization of the debt in the Debt footnote for both 2018 and 2019 was incorrect.
- Debt footnote did not include a description of the debt issue for both 2018 and 2019.
- Risk Management footnote for both 2018 and 2019 states that the Township is insured and uninsured. Verbiage stating the Township is uninsured should be removed.
- Risk Management footnote for both 2018 and 2019 states the Township is a member of the OTARMA Insurance Pool and shows a table for cash and investments and actuarial liabilities, but does not include amounts or years.
- The Township did not include a disclosure for Postemployment Benefits for 2018 and 2019.

The financial statements and footnotes have been adjusted for these errors, where applicable.

The Township did not have procedures in place for effective monitoring of the Township's financial activity, and the accuracy of accounting and financial reporting. The Township Fiscal Officer has sole responsibility over accounting and reporting. Due to the small size of the Township, it is important that the Board take an active role in monitoring of such activity. Failure to accurately monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

We recommend due care be exercised in preparation of the financial statements and footnotes to the financial statements.

Officials' Response:

The first four listed issues will be addressed in the future by applying the proper classifications and posting to the proper line items (account number in UAN). For 2018 and 2019 footnotes to the financial statements: those possibly happened from using the prior year's footnotes as a template for the new year(s). Through this audit, I was informed that the templates are changed or updated every year. We will probably address this issue by employing an outside company to formulate these reports. A Postemployment Benefits disclosure can be addressed in a future update of our Township's Employee Policy Manual. We will be addressing the monitoring of financial activity by implementing a finance committee to oversee financial activity more closely.

OHIO AUDITOR OF STATE KEITH FABER



BATAVIA TOWNSHIP

CLERMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/5/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov