

Village of Batavia  
Clermont County  
Regular Audit  
For the Years Ended December 31, 2019 and 2018



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OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Batavia  
65 North Second Street  
Batavia, Ohio 45103

We have reviewed the *Independent Auditor's Report* of the Village of Batavia, Clermont County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2018 through December 31, 2019. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

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. The Village of Batavia is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 14, 2020

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**Village of Batavia**  
**Clermont County**  
*Table of Contents*  
*For the Years Ended December 31, 2019 and 2018*

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Title	Page
Independent Auditor’s Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2019 .....	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Enterprise Funds – For the Year Ended December 31, 2019.....	5
Notes to the Financial Statements –For the Year Ended December 31, 2019.....	6
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2018 .....	17
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Enterprise Funds – For the Year Ended December 31, 2018.....	18
Notes to the Financial Statements – For the Year Ended December 31, 2018.....	19
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> .....	30
Schedule of Findings and Responses .....	32
Schedule of Prior Audit Findings.....	35

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**Independent Auditor's Report**

Village Council  
Village of Batavia  
Clermont County  
65 North Second Street  
Batavia, Ohio 45103

***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 the Village of Batavia, Clermont County, (the Village) 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 Village'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 Village'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 Village 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 Village 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 Village as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows 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 the Village of Batavia, Clermont County, as of December 31, 2019 and 2018, and 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***

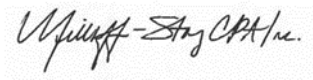
As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2020, on our consideration of the Village'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 Village's internal control over financial reporting and compliance.



Village of Batavia  
Clermont County  
Independent Auditor's Report  
Page 3

A handwritten signature in black ink that reads "Millhuff-Stang CPA, Inc." The signature is written in a cursive, flowing style.

Millhuff-Stang, CPA, Inc.  
Chillicothe, Ohio

July 24, 2020

**Village of Batavia**  
**Clermont County**  
*Combined Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$68,609	\$0	\$0	\$0	\$68,609
Municipal Income Tax	1,470,955	0	0	0	1,470,955
Intergovernmental	57,888	115,107	0	0	172,995
Special Assessments	0	0	14,265	2,750	17,015
Charges for Services	99	38,272	0	0	38,371
Fines, Licenses and Permits	27,958	5,587	0	0	33,545
Earnings on Investments	5,862	397	0	3,646	9,905
Miscellaneous	37,826	15,662	0	0	53,488
<b>Total Cash Receipts</b>	<b>1,669,197</b>	<b>175,025</b>	<b>14,265</b>	<b>6,396</b>	<b>1,864,883</b>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
General Government	465,713	0	0	3	465,716
Security of Persons and Property	619,284	48,185	0	0	667,469
Public Health Services	22,602	0	0	0	22,602
Community Environment	0	2,820	0	0	2,820
Transportation	0	359,219	0	21,619	380,838
Capital Outlay	201,870	29,860	0	2,129,397	2,361,127
Basic Utility Services	0	0	39	0	39
<b>Debt Service:</b>					
Redemption of Principal	301,042	0	14,999	200,354	516,395
Interest and Other Fiscal Charges	9,743	0	5,555	79,506	94,804
<b>Total Cash Disbursements</b>	<b>1,620,254</b>	<b>440,084</b>	<b>20,593</b>	<b>2,430,879</b>	<b>4,511,810</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>48,943</b>	<b>(265,059)</b>	<b>(6,328)</b>	<b>(2,424,483)</b>	<b>(2,646,927)</b>
<b>Other Financing Receipts (Disbursements):</b>					
Transfers In	0	280,000	0	285,000	565,000
Transfers Out	(565,000)	0	0	0	(565,000)
Other Financing Receipts	76	38	0	0	114
Loans Issued	15,170	0	0	0	15,170
Sale of Bond Anticipation Notes	300,001	0	0	0	300,001
Sale of Bonds	0	0	0	3,000,000	3,000,000
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(249,753)</b>	<b>280,038</b>	<b>0</b>	<b>3,285,000</b>	<b>3,315,285</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(200,810)</b>	<b>14,979</b>	<b>(6,328)</b>	<b>860,517</b>	<b>668,358</b>
<b>Fund Cash Balances, January 1</b>	<b>889,617</b>	<b>152,378</b>	<b>10,014</b>	<b>98,979</b>	<b>1,150,988</b>
<b>Restricted for:</b>					
Debt Service	0	0	3,686	0	3,686
Public Safety	0	22,062	0	0	22,062
Capital Projects	0	0	0	959,496	959,496
Community Environment	0	3,348	0	0	3,348
Road and Bridge Maintenance and Improvements	0	141,157	0	0	141,157
Other Purposes	0	790	0	0	790
Assigned for Encumbrances	5,895	0	0	0	5,895
Unassigned	682,912	0	0	0	682,912
<b>Fund Cash Balances, December 31</b>	<b>\$688,807</b>	<b>\$167,357</b>	<b>\$3,686</b>	<b>\$959,496</b>	<b>\$1,819,346</b>

The notes to the financial statements are an integral part of this statement.

**Village of Batavia  
Clermont County**  
*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances  
All Enterprise Funds  
For the Year Ended December 31, 2019*

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Operating Cash Receipts:	
Charges for Services	\$733,111
Total Operating Cash Receipts	733,111
Operating Cash Disbursements:	
Personal Services	23,900
Fringe Benefits	9,740
Contractual Services	199,149
Other	604,059
Total Operating Cash Disbursements	836,848
Operating Loss	(103,737)
Non-Operating Cash Receipts (Disbursements):	
Special Assessments	504
Intergovernmental	81,500
Loans Issued	72,500
Principal Retirement	(36,493)
Capital Outlay	(175,881)
Total Non-Operating Cash Receipts (Disbursements)	(57,870)
Net Change in Fund Cash Balances	(161,607)
Fund Cash Balances, January 1	358,999
Fund Cash Balances, December 31	\$197,392

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BATAVIA  
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 established the rights and privileges of the Village of Batavia, Clermont County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides street maintenance and construction and police services. The Village contracts with Clermont County Water & Sewer Department to provide water and sewer services to its residents. The Village contracts with Rumpke to provide refuse pickup services.

**Joint Ventures, Jointly-Governed Organizations, Public Risk Pools and Related Organizations**

The Village participates with Batavia Township to jointly support the Batavia Union Cemetery which is partly located within the Village and partly located within the Township. See Note 12 for additional information. The Village also participates in the Public Entity Risk Pool. See Note 13 for additional information.

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

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all enterprise funds which are organized on a fund type basis.

**Fund Accounting**

The Village 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 Village 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 Village 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 Village had the following significant Special Revenue Funds:

**Street Construction, Maintenance and Repair 1 Fund** - This fund receives transfers from the general fund, gasoline tax and motor vehicle tax money for personnel expenses for constructing, maintaining, and repairing Village streets.

**Street Construction, Maintenance and Repair 2 Fund** - This fund receives transfers from the general fund, gasoline tax and motor vehicle tax money for supplies and contractual expenses for constructing, maintaining, and repairing Village streets.

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

**Clark-Glen-Ely Sewer Assessment Fund** - This fund is used to accumulate resources for the payment of bonds and note indebtedness.

**Capital Projects Funds** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

**Capital Projects Fund** - This fund receives transfers from the general fund and special assessment funds and bond proceeds for the acquisition or construction of capital facilities and other capital assets and the construction of streets.

**Street Capital Projects Fund** - This fund receives transfers from the general fund and special assessment funds for the construction of streets and to repay loans issued for these costs.

**Enterprise Funds** - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Fund** - This fund receives charges for services from residents to cover water service costs.

**Sewer Fund** - This fund receives charges for services from residents to cover sewer service costs.

**Trash Fund** - This fund receives charges for services from residents to cover trash and refuse removal service costs.

**Fiduciary Funds** - Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village had no trust funds during 2019.

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. Unclaimed funds are tracked as a custodial fund on a budgetary basis and are combined with the General Fund for financial reporting purposes.

**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 Village 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).

VILLAGE OF BATAVIA  
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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 (except certain custodial funds) 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 Village Council 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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2019 budgetary activity appears in Note 4.

**Deposits and Investments**

The Village's accounting basis does not include any investments other than deposits at a commercial bank.

**Capital Assets**

The Village 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. 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 Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Non-spendable** - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Committed** - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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 Village Council or a Village 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 Village 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 – Compliance**

Per State ex. Rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), expenditures made by a governmental unit should serve a public purpose. During 2019, the Village incurred late fees, interest and penalties, and sales tax assessments, which are not deemed appropriate expenditures of public funds. In addition, the Village also had unsupported credit card transactions, for which proper public purpose could not be determined. Contrary to Ohio law, appropriations exceeded estimated resources in the Electric Operating and Refuse Enterprise Operating Funds at December 31, 2019. Additionally, contrary to Ohio law, expenditures exceeded appropriations in the General, Street – Personnel, Water Operating, and Sewer Operating Funds at December 31, 2019.

**Note 4 – Budgetary Activity**

Budgetary activity for the years ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,968,524	\$1,984,444	\$15,920
Special Revenue	\$464,434	\$455,063	(\$9,371)
Debt Service	\$14,265	\$14,265	\$0
Capital Projects	\$3,330,046	\$3,291,396	(\$38,650)
Enterprise	\$861,450	\$887,615	\$26,165
Total	<u>\$6,638,719</u>	<u>\$6,632,783</u>	<u>(\$5,936)</u>

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 4 – Budgetary Activity (Continued)**

2019 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,185,033	\$2,191,150	(\$6,117)
Special Revenue	\$506,826	\$441,249	\$65,577
Debt Service	\$23,000	\$20,593	\$2,407
Capital Projects	\$3,400,603	\$3,348,551	\$52,052
Enterprise	<u>\$1,048,680</u>	<u>\$1,049,468</u>	(\$788)
Total	<u>\$7,164,142</u>	<u>\$7,051,011</u>	<u>\$113,131</u>

**Note 5 - Deposits and Investments**

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

	2019
Demand deposits	\$59,969
Bond Proceeds Escrow	<u>\$921,318</u>
Total deposits	<u>\$981,287</u>
Repurchase agreements	<u>\$1,035,451</u>
Total Investments	<u>\$1,035,451</u>
Total deposits and investments	<u>\$2,016,738</u>

**Deposits:** Deposits are either insured by the Federal Depository 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.

**Investments:** The Village’s financial institution transfers securities to the Village’s agent to collateralize repurchase agreements. The securities are not in the Village’s name.

**Note 6 - Taxes**

**Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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 is due the following June 20.

Public utilities are also taxed on personal and real property located in the Village.



**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 6 – Taxes (Continued)**

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

**LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of certain residents earned outside of the Village. Effective July 1, 2019 the Village of Batavia turned over the collection and administration of its municipal income tax to the Regional income Tax Agency.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village prior to July 1 or to the Regional Income Tax Agency as of July 1, either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 – Risk Management**

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

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

**Risk of Pool Membership**

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entities Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s deductibles.

The pool covers the following risks:

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

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 7 – Risk Management (Continued)**

PEP’s financial statements (audited by other accountants) conforms with generally accepted accounting principles and reported the following assets, liabilities and net position at December 31, 2019:

Assets	\$38,432,610
Liabilities	<u>(14,705,917)</u>
Net Position	\$23,726,693

**Self-Insurance**

The Village provides health insurance to full-time employees through Anthem Ohio Blue Cross-Blue Shield. In order to reduce the health insurance premium expense, the health insurance has a high annual deductible of \$12,000 per employee. The Village covers the employees for that deductible through a self-insurance program managed by ClaimLinx. The Village annually budgets \$10,000 of insurance expense per employee, although no employee has ever incurred health insurance expenses of \$10,000.

During 2019, the Village did not have to pay for any losses that exceeded insurance coverage.

**Note 8 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

All of the Village’s employees, except certified full-time Police Officers, 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 healthcare and survivor and disability benefits.

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

**Ohio Police and Fire Retirement System**

The Village’s full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2019.

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9 – Post-Employment Benefits**

Both OPERS and OP&F 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. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 - Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1) 1-Year Revenue Anticipation Note	\$300,001	2.75%
2) C-G-E Sewer Improvement Special Assessment	\$95,000	2.00% - 5.25%
3) OPWC CU17G Water Line Improvement	\$20,000	0%
4) OPWC CJ24Q Streetscape Improvement Loan	\$980,250	0%
5) Streetscape Improvement G.O. Bonds	\$2,250,000	0.8% - 4.125%
6) OPWC CJ26S Broadway & Spring Water Main Loan	\$169,607	0%
7) OPWC CJ26R Wastewater Major Remedial Loan	\$194,806	0%
8) OPWC CJ08U Bauer Rd. Resurface	\$49,519	0%
9) OPWC CJ06U 2017 Cast Iron Water Main Replace	\$220,304	0%
10) OPWC CJ19V E Main/Riverside Storm Drain	\$70,688	0%
11) Streamside Capital Improve Sp. Assessment Rev Bd.	\$3,000,000	3.00% - 3.75%
12) Sharefax Credit Union Police Cruiser Loan	\$15,170	3.75%
	<u>\$7,365,345</u>	

1) The Village issued a 1-year municipal note to help pay for the renovation of the Armory Building, which became the new village office on November 1, 2017. The note was reissued in 2018 at \$300,000 and reissued again in 2019 for the same amount. The note matures on August 9, 2020.

2) The Sewer Improvement Special Assessment Bonds were issued on August 31, 2004. The bonds were to be used for the purpose of paying part of the cost of sanitary sewers on Clark, Glen and Ely Streets within the Village. The bonds will mature in 2024.

3) The Ohio Public Works Commission (OPWC) loan (#CU17G) relates to a waterline addition. The OPWC approved a \$100,000 loan at zero interest to the Village for this project. The loan will be repaid in semiannual installments of \$2,500 over 20 years and will be paid off in 2024. The loan is collateralized by water and sewer receipts.

4) The Ohio Public Works Commission (OPWC) loan (#CJ24Q) relates to streetscape improvements. The OPWC approved a \$1,352,066 loan at zero interest to the Village for this project in 2013. The loan will be repaid in semiannual installments of \$33,801.65 over 20 years and will be paid off in 2024.

5) The Streetscape Improvement General Obligation Bonds were issued on June 12, 2013. The bonds were issued for the East Main Street development project including Second and Fourth Streets. The bonds will mature in 2033. The bond proceeds included \$1,325 in refunded bond issuance fees.

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10 – Debt (Continued)**

6) The Ohio Public Works Commission (OPWC) Broadway & Spring Water Main loan (#CJ26S) relates to a waterline replacement project. The OPWC approved a \$260,975 loan at zero interest to the Village for this project in 2015, but the Village only borrowed \$205,584.60 to complete the project. The loan will be repaid in semiannual installments of \$5,139.62 over 20 years and will be paid off in 2036.

7) The Ohio Public Works Commission (OPWC) Wastewater Major Remedial loan (#CJ26R) relates to a sewer remedial project. The OPWC approved a \$260,500 loan at zero interest to the Village for this project in 2015, but the Village only borrowed \$224,776.00 to complete the project. The loan will be repaid in semiannual installments of \$3,746.27 over 30 years and will be paid off in 2046.

8) The Ohio Public Works Commission (OPWC) Bauer Road Resurface loan (#CJ08U) relates to a project to resurface Bauer Road and reconfigure the intersection at Bauer Road and Hospital Drive. The OPWC approved a \$55,021 loan at zero interest to the Village for this project in 2017. The loan will be repaid in semiannual installments of \$1,376 over 20 years and will be paid off in 2038.

9) The Ohio Public Works Commission (OPWC) Cast Iron Water Main Replacement loan (#CJ06U) relates to a water main replacement project in 2017. The OPWC approved a \$240,671 loan at zero interest to the Village for this project in 2017, but the Village only borrowed \$238,166.67 to complete the project. The loan will be repaid in semiannual installments of \$5,954.17 over 20 years and will be paid off in 2038.

10) The Ohio Public Works Commission (OPWC) E. Main/Riverside Storm Drain loan (#CJ19V) relates to a project repair the storm drain outflow to East Fork of Little Miami River. The OPWC approved a \$72,500 loan at zero interest to the Village for this project in 2019. The loan will be repaid in semiannual installments of \$1,813 over 20 years and will be paid off in 2039.

11) The Streamside Residential Development Capital Improvement Special Assessment Revenue Bonds were issued on October 3, 2019. The \$3 million bonds were to be used for the purpose of paying the cost of constructing and installing public improvements within a Community Reinvestment Area in the Village. The bonds will be repaid by an assessment under a Payment In Lieu of Real Estate Taxes Agreement and will mature in 2045.

12) The Sharefax Credit Union Police Cruise Loan was issued on August 14, 2019 for the purpose of obtaining a 2017 Ford Explorer for the police department. It was issued in the amount of \$15,170 and carries a maturity date of September 14, 2021.

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10 – Debt (Continued)**

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

Year	Debt #1 Huntington Municipal Note	Debt #2 Clark Glen-Ely Sewer	Debt #3 CU17G OPWC Water	Debt #4 CJ24Q OPWC Street	Debt #5 Street G.O. Bonds	Debt #6 CJ26S OPWC Water	
2020	\$309,750	\$19,835	\$5,000	\$67,603	\$208,336	\$10,279	
2021	--	\$24,100	\$5,000	\$67,603	\$210,736	\$10,279	
2022	--	\$23,100	\$5,000	\$67,603	\$212,699	\$10,279	
2023	--	\$21,080	\$5,000	\$67,603	\$209,199	\$10,279	
2024	--	\$21,050	--	\$67,603	\$210,349	\$10,279	
2025-29	--	--	--	\$338,017	\$1,051,658	\$51,396	
2030-34	--	--	--	\$304,218	\$839,819	\$51,396	
2035-39	--	--	--	--	--	\$15,240	
<b>Total</b>	<b><u>\$309,750</u></b>	<b><u>\$109,165</u></b>	<b><u>\$20,000</u></b>	<b><u>\$980,250</u></b>	<b><u>\$2,942,796</u></b>	<b><u>\$169,427</u></b>	

Year	Debt #7 CJ26R OPWC Sewer	Debt #8 CJ08U OPWC Street	Debt #9 CJ06U OPWC Water	Debt #10 CJ19V OPWC Sewer	Debt #11 Streamside Assessment Cap Improve	Debt #12 Sharefax Cruiser Loan	Totals for Year(s)
2020	\$7,493	\$2,751	\$11,908	\$3,625	\$94,605	\$8,039	\$749,224
2021	\$7,493	\$2,751	\$11,908	\$3,625	\$103,835	\$8,039	\$455,369
2022	\$7,493	\$2,751	\$11,908	\$3,625	\$188,835	--	\$533,293
2023	\$7,493	\$2,751	\$11,908	\$3,625	\$186,285	--	\$525,223
2024	\$7,493	\$2,751	\$11,908	\$3,625	\$188,735	--	\$523,793
2025-29	\$37,463	\$13,755	\$59,542	\$18,125	\$941,625	--	\$2,511,581
2030-34	\$37,463	\$13,755	\$59,542	\$18,125	\$947,425	--	\$2,271,743
2035-39	\$37,463	\$8,254	\$41,680	\$16,313	\$936,000	--	\$1,054,950
2040-44	\$37,463	--	--	--	\$942,875	--	\$980,338
2045-46	\$7,489	--	--	--	\$186,750	--	\$194,239
<b>Total</b>	<b><u>\$194,806</u></b>	<b><u>\$49,519</u></b>	<b><u>\$220,304</u></b>	<b><u>\$70,688</u></b>	<b><u>\$4,716,970</u></b>	<b><u>\$16,078</u></b>	<b><u>\$9,799,753</u></b>

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based upon prior experience, management believes any refunds would be immaterial.

The Village is currently party to legal proceedings. However, it is the opinion of management that such proceedings will not have a material adverse effect, if any, on the Village's overall financial position.

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 12 – Jointly Governed Organizations**

The Batavia Union Cemetery is located partially in the Village of Batavia and partially in Batavia Township. The Batavia Union Cemetery Board is comprised of a member of Batavia Village Council, a member of the Batavia Township Trustees, and an at-large member. The cemetery is jointly funded by the Village and the Township.

**Note 13 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan for workers' compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year term. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 14 – Subsequent Events**

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

In 2020, the Village obtained two loans from Sharefax Credit Union for the purpose of purchasing vehicles. Additionally, on August 5, 2020, the Village is scheduled to issue various purpose and refunding bonds in the amount of \$4,250,000 for the purpose of refunding the Streetscape Improvement General Obligation bonds, the one-year-municipal note scheduled to mature on August 9, 2020, and to provide \$1.7 million in new funding for permanent improvement projects.

In July 2019, the Village received funding approval from the Ohio Public Works Commission for its 2019 Sanitary Sewer Collection System Improvements project. This funding will be comprised of a loan in the amount of \$450,000 and grant funds of \$642,000. Draws from this funding did not begin until 2020.

**Note 15 – Construction and Contractual Commitments**

The Village has entered into various contracts for the improvements of infrastructure in the Streamside Development. Contracts totaled \$3 million and \$2,082,328 of this total were paid through December 31, 2019.

**Village of Batavia**  
**Clermont County**  
*Combined Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$65,484	\$0	\$0	\$0	\$65,484
Municipal Income Tax	1,509,021	0	0	0	1,509,021
Intergovernmental	54,673	113,980	0	0	168,653
Special Assessments	0	0	19,422	2,632	22,054
Charges for Services	122	19,797	0	0	19,919
Fines, Licenses and Permits	24,270	7,864	0	0	32,134
Earnings on Investments	4,275	277	0	0	4,552
Miscellaneous	5,475	4,396	0	0	9,871
<b>Total Cash Receipts</b>	<b>1,663,320</b>	<b>146,314</b>	<b>19,422</b>	<b>2,632</b>	<b>1,831,688</b>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
General Government	533,492	0	0	0	533,492
Security of Persons and Property	536,316	18,609	0	0	554,925
Public Health Services	33,694	0	0	0	33,694
Community Environment	0	2,886	0	0	2,886
Transportation	0	343,518	0	0	343,518
Capital Outlay	0	48,918	0	84,938	133,856
Basic Utility Services	0	0	195	0	195
<b>Debt Service:</b>					
Redemption of Principal	411,155	0	17,500	229,156	657,811
Interest and Other Fiscal Charges	9,204	0	6,260	81,676	97,140
<b>Total Cash Disbursements</b>	<b>1,523,861</b>	<b>413,931</b>	<b>23,955</b>	<b>395,770</b>	<b>2,357,517</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>139,459</b>	<b>(267,617)</b>	<b>(4,533)</b>	<b>(393,138)</b>	<b>(525,829)</b>
<b>Other Financing Receipts (Disbursements):</b>					
Transfers In	0	190,000	0	310,000	500,000
Transfers Out	(500,000)	0	0	0	(500,000)
Loans Issued	0	0	0	55,021	55,021
Sale of Asset	100,000	0	0	0	100,000
Sale of Bond Anticipation Notes	300,000	0	0	0	300,000
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(100,000)</b>	<b>190,000</b>	<b>0</b>	<b>365,021</b>	<b>455,021</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>39,459</b>	<b>(77,617)</b>	<b>(4,533)</b>	<b>(28,117)</b>	<b>(70,808)</b>
<b>Fund Cash Balances, January 1 - Restated</b>	<b>850,158</b>	<b>229,995</b>	<b>14,547</b>	<b>127,096</b>	<b>1,221,796</b>
<b>Restricted for:</b>					
Debt Service	0	0	10,014	0	10,014
Public Safety	0	13,326	0	0	13,326
Capital Projects	0	0	0	98,979	98,979
Community Environment	0	3,568	0	0	3,568
Road and Bridge Maintenance and Improvements	0	134,694	0	0	134,694
Other Purposes	0	790	0	0	790
Assigned for Encumbrances	29,343	0	0	0	29,343
Assigned for Future Year Appropriations	391,420	0	0	0	391,420
Unassigned	468,854	0	0	0	468,854
<b>Fund Cash Balances, December 31</b>	<b>\$889,617</b>	<b>\$152,378</b>	<b>\$10,014</b>	<b>\$98,979</b>	<b>\$1,150,988</b>

The notes to the financial statements are an integral part of this statement.

**Village of Batavia  
Clermont County**

*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances  
All Enterprise Funds*

*For the Year Ended December 31, 2018*

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Operating Cash Receipts:	
Charges for Services	\$733,840
	<hr/>
Total Operating Cash Receipts	733,840
Operating Cash Disbursements:	
Personal Services	23,993
Fringe Benefits	12,446
Contractual Services	162,882
Other	601,374
	<hr/>
Total Operating Cash Disbursements	800,695
Operating Loss	(66,855)
Non-Operating Cash Receipts (Disbursements):	
Special Assessments	501
Intergovernmental	248,172
Loans Issued	238,167
Miscellaneous	307
Principal Retirement	(37,612)
Capital Outlay	(477,076)
	<hr/>
Total Non-Operating Cash Receipts (Disbursements)	(27,541)
Net Change in Fund Cash Balances	(94,396)
Fund Cash Balances, January 1	453,395
	<hr/>
Fund Cash Balances, December 31	\$358,999
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.



**VILLAGE OF BATAVIA  
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 established the rights and privileges of the Village of Batavia, Clermont County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides street maintenance and construction and police services. The Village contracts with Clermont County Water & Sewer Department to provide water and sewer services to its residents. The Village contracts with Rumpke to provide refuse pickup services.

**Joint Ventures, Jointly-Governed Organizations, Public Risk Pools and Related Organizations**

The Village participates with Batavia Township to jointly support the Batavia Union Cemetery which is partly located within the Village and partly located within the Township. See Note 12 for additional information. The Village also participates in the Public Entity Risk Pool. See Note 13 for additional information.

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

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all enterprise funds which are organized on a fund type basis.

**Fund Accounting**

The Village 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 Village 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 Village 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 Village had the following significant Special Revenue Funds:

**Street Construction, Maintenance and Repair 1 Fund** - This fund receives transfers from the general fund, gasoline tax and motor vehicle tax money for personnel expenses for constructing, maintaining, and repairing Village streets.

**Street Construction, Maintenance and Repair 2 Fund** - This fund receives transfers from the general fund, gasoline tax and motor vehicle tax money for supplies and contractual expenses for constructing, maintaining, and repairing Village streets.

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

**Clark-Glen-Ely Sewer Assessment Fund** - This fund is used to accumulate resources for the payment of bonds and note indebtedness.

**Capital Projects Funds** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

**Capital Projects Fund** - This fund receives transfers from the general fund and special assessment funds for the acquisition or construction of capital facilities and other capital assets and the construction of streets.

**Street Capital Projects Fund** - This fund receives transfers from the general fund and special assessment funds for the construction of streets and to repay loans issued for these costs.

**Enterprise Funds** - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Fund** - This fund receives charges for services from residents to cover water service costs.

**Sewer Fund** - This fund receives charges for services from residents to cover sewer service costs.

**Trash Fund** - This fund receives charges for services from residents to cover trash and refuse removal service costs.

**Fiduciary Funds** - Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village had no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. Unclaimed funds are tracked as an agency fund on a budgetary basis and are combined with the General Fund for financial reporting purposes.

**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 Village 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).

VILLAGE OF BATAVIA  
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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 (except certain agency funds) 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 Village Council 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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2018 budgetary activity appears in Note 4.

**Deposits and Investments**

The Village's accounting basis does not include any investments other than deposits at a commercial bank.

**Capital Assets**

The Village 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. 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 Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Non-spendable** - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Committed** - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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 Village Council or a Village 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 Village 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 – Compliance**

Per State ex. Rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), expenditures made by a governmental unit should serve a public purpose. During 2019, the Township incurred late fees, interest and penalties, and sales tax assessments, which are not deemed appropriate expenditures of public funds. In addition, the Township also had unsupported credit card transactions, for which proper public purpose could not be assessed. Contrary to Ohio law, expenditures exceeded appropriations in the Street – Personnel, Drug Law Enforcement, CGE Sewer Assessment, Street Capital Projects, Water Operating, and Sewer Operating Funds at December 31, 2018.

**Note 4 – Budgetary Activity**

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

<u>Fund Type</u>	<u>2018 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$1,642,929	\$2,063,320	\$420,391
Special Revenue	\$428,746	\$336,314	(\$92,432)
Debt Service	\$15,000	\$19,422	\$4,422
Capital Projects	\$356,421	\$367,653	\$11,232
Enterprise	<u>\$1,169,076</u>	<u>\$1,220,987</u>	<u>\$51,911</u>
Total	<u>\$3,612,172</u>	<u>\$4,007,696</u>	<u>\$395,524</u>

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 4 – Budgetary Activity (Continued)**

<u>Fund Type</u>	<u>2018 Budgeted vs. Actual Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,075,823	\$2,053,204	\$22,619
Special Revenue	\$479,825	\$416,695	\$63,130
Debt Service	\$23,000	\$23,955	(\$955)
Capital Projects	\$399,624	\$395,770	\$3,854
Enterprise	<u>\$1,318,575</u>	<u>\$1,315,976</u>	<u>\$2,599</u>
Total	<u>\$4,296,847</u>	<u>\$4,205,600</u>	<u>\$91,247</u>

**Note 5 - Deposits and Investments**

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

	<u>2018</u>
Demand deposits	<u>\$44,823</u>
Total deposits	<u>\$44,823</u>
Repurchase agreements	<u>\$1,465,164</u>
Total Investments	<u>\$1,465,164</u>
Total deposits and investments	<u>\$1,509,987</u>

**Deposits:** Deposits are either insured by the Federal Depository 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.

**Investments:** The Village’s financial institution transfers securities to the Village’s agent to collateralize repurchase agreements. The securities are not in the Village’s name.

**Note 6 - Taxes**

**Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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 is due the following June 20.

Public utilities are also taxed on personal and real property located in the Village.

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

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 6 – Taxes (Continued)**

**LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of certain residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 – Risk Management**

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

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

**Risk of Pool Membership**

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entities Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s deductibles.

The pool covers the following risks:

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

PEP’s financial statements (audited by other accountants) conforms with generally accepted accounting principles and reported the following assets, liabilities and net position at December 31, 2018:

Assets	\$35,381,789
Liabilities	<u>(12,965,015)</u>
Net Position	\$22,416,774

During 2018, the Village did not have to pay for any losses that exceeded insurance coverage.

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 7 – Risk Management (Continued)**

**Self-Insurance**

The Village provides health insurance to full-time employees through Anthem Ohio Blue Cross-Blue Shield. In order to reduce the health insurance premium expense, the health insurance has a high annual deductible of \$12,000 per employee. The Village covers the employees for that deductible through a self-insurance program managed by ClaimLinx. The Village annually budgets \$10,000 of insurance expense per employee, although no employee has ever incurred health insurance expenses of \$10,000.

**Note 8 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

All of the Village's employees, except certified full-time Police Officers, 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions through December 31, 2017.

**Ohio Police and Fire Retirement System**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

**Note 9 – Post-Employment Benefits**

Both OPERS and OP&F 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 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. OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 10 - Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1) 1-Year Revenue Anticipation Note	\$300,000	3.25%
2) C-G-E Sewer Improvement Special Assessment	\$110,000	2.00% - 5.25%
3) OPWC CU17G Water Line Improvement	\$25,000	0%
4) OPWC CJ24Q Streetscape Improvement Loan	\$1,047,851	0%
5) Streetscape Improvement G.O. Bonds	\$2,380,000	0.8% - 4.125%
6) OPWC CJ26S Broadway & Spring Water Main Loan	\$179,886	0%
7) OPWC CJ26R Wastewater Major Remedial Loan	\$202,298	0%
8) OPWC CJ06U 2017 Cast Iron Water Main Replace	\$232,213	0%
9) OPWC CJ08U Bauer Rd. Resurface	\$52,270	0%
10) Sharefax Credit Union Police Cruiser Loan	\$1,042	1.99%
	<u>\$4,530,560</u>	

1) The Village issued a 1-year municipal note to help pay for the renovation of the Armory Building, which became the new village office on November 1, 2017. The note was reissued in 2018 for \$300,000 and matures on August 9, 2019.

2) The Sewer Improvement Special Assessment Bonds were issued on August 31, 2004. The bonds were to be used for the purpose of paying part of the cost of sanitary sewers on Clark, Glen and Ely Streets within the Village. The bonds will mature in 2024.

3) The Ohio Public Works Commission (OPWC) loan (#CU17G) relates to a waterline addition. The OPWC approved a \$100,000 loan at zero interest to the Village for this project. The loan will be repaid in semiannual installments of \$2,500 over 20 years and will be paid off in 2024. The loan is collateralized by water and sewer receipts.

4) The Ohio Public Works Commission (OPWC) loan (#CJ24Q) relates to streetscape improvements. The OPWC approved a \$1,352,066 loan at zero interest to the Village for this project in 2013. The loan will be repaid in semiannual installments of \$33,801.65 over 20 years and will be paid off in 2024.

5) The Streetscape Improvement General Obligation Bonds were issued on June 12, 2013. The bonds were issued for the East Main Street development project including Second and Fourth Streets. The bonds will mature in 2033. The bond proceeds included \$1,325 in refunded bond issuance fees.

6) The Ohio Public Works Commission (OPWC) Broadway & Spring Water Main loan (#CJ26S) relates to a waterline replacement project. The OPWC approved a \$260,975 loan at zero interest to the Village for this project in 2015, but the Village only borrowed \$205,584.60 to complete the project. The loan will be repaid in semiannual installments of \$5,139.62 over 20 years and will be paid off in 2036.

7) The Ohio Public Works Commission (OPWC) Wastewater Major Remedial loan (#CJ26R) relates to a sewer remedial project. The OPWC approved a \$260,500 loan at zero interest to the Village for this project in 2015, but the Village only borrowed \$224,776.00 to complete the project. The loan will be repaid in semiannual installments of \$3,746.27 over 30 years and will be paid off in 2046.



**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 10 – Debt (Continued)**

8) The Ohio Public Works Commission (OPWC) Cast Iron Water Main Replacement loan (#CJ06U) relates to a water main replacement project in 2017. The OPWC approved a \$240,671 loan at zero interest to the Village for this project in 2017, but the Village only borrowed \$238,166.67 to complete the project. The loan will be repaid in semiannual installments of \$5,954.17 over 20 years and will be paid off in 2038.

9) The Ohio Public Works Commission (OPWC) Bauer Road Resurface loan (#CJ08U) relates to a project to resurface Bauer Road and reconfigure the intersection at Bauer Road and Hospital Drive. The OPWC approved a \$55,021 loan at zero interest to the Village for this project in 2017. The loan will be repaid in semiannual installments of \$1,376 over 20 years and will be paid off in 2038.

10) The Sharefax Credit Union police cruiser loan will be paid off in 2019.

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

<u>Year</u>	Debt #1 Huntington Municipal <u>Note</u>	Debt #2 Clark Glen-Ely <u>Sewer</u>	Debt #3 CU17G OPWC <u>Water</u>	Debt #4 CJ24Q OPWC <u>Street</u>	Debt #5 Street G.O. <u>Bonds</u>	Debt #6 CJ26S OPWC <u>Water</u>	
2019	\$309,750	\$20,555	\$5,000	\$67,603	\$210,676	\$10,279	
2020	--	\$19,835	\$5,000	\$67,603	\$208,336	\$10,279	
2021	--	\$24,100	\$5,000	\$67,603	\$210,736	\$10,279	
2022	--	\$23,100	\$5,000	\$67,603	\$212,699	\$10,279	
2023	--	\$21,080	\$5,000	\$67,603	\$209,199	\$10,279	
2024-28	--	\$21,050	--	\$338,017	\$1,053,644	\$51,396	
2029-33	--	--	--	\$338,017	\$1,048,181	\$51,396	
2034-38	--	--	--	\$33,802	--	\$25,699	
<b>Total</b>	<u>\$309,750</u>	<u>\$129,720</u>	<u>\$25,000</u>	<u>\$1,047,851</u>	<u>\$3,153,471</u>	<u>\$179,886</u>	
		Debt #7 CJ26R OPWC <u>Sewer</u>	Debt #8 CJ06U OPWC <u>Water</u>	Debt #9 CJ08U OPWC <u>Street</u>	Debt #10 Sharefax Police <u>Cruiser</u>		Totals for <u>Year(s)</u>
2019		\$7,493	\$11,908	\$2,751	\$1,061		\$647,076
2020		\$7,493	\$11,908	\$2,751	--		\$333,205
2021		\$7,493	\$11,908	\$2,751	--		\$339,870
2022		\$7,493	\$11,908	\$2,751	--		\$340,833
2023		\$7,493	\$11,908	\$2,751	--		\$335,313
2024-28		\$37,463	\$59,542	\$13,755	--		\$1,574,867
2029-33		\$37,463	\$59,542	\$13,755	--		\$1,548,354
2034-38		\$37,463	\$53,589	\$11,005	--		\$161,558
2039-43		\$37,463	--	--	--		\$37,463
2044-46		\$14,981	--	--	--		\$14,981
<b>Total</b>		<u>\$202,298</u>	<u>\$232,213</u>	<u>\$52,270</u>	<u>\$1,061</u>		<u>\$5,333,520</u>

**VILLAGE OF BATAVIA  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based upon prior experience, management believes any refunds would be immaterial.

The Village is currently party to legal proceedings. However, it is the opinion of management that such proceedings will not have a material adverse effect, if any, on the Village's overall financial position.

**Note 12 – Jointly Governed Organizations**

The Batavia Union Cemetery is located partially in the Village of Batavia and partially in Batavia Township. The Batavia Union Cemetery Board is comprised of a member of Batavia Village Council, a member of the Batavia Township Trustees, and an at-large member. The cemetery is jointly funded by the Village and the Township.

**Note 13 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan for workers' compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year term. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 14 – Subsequent Events**

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

In 2019, the Village renewed the one-year bond anticipation note for \$300,000. This note was refunded by the refunding bond discussed below.

In 2020, the Village obtained two loans from Sharefax Credit Union for the purpose of purchasing vehicles. Additionally, on August 5, 2020, the Village is scheduled to issue various purpose and refunding bonds in the amount of \$4,250,000 for the purpose of refunding the Streetscape Improvement General Obligation bonds, the one-year-municipal note scheduled to mature on August 9, 2020, and to provide \$1.7 million in new funding for permanent improvement projects.

In July 2019, the Village received funding approval from the Ohio Public Works Commission for its 2019 Sanitary Sewer Collection System Improvements project. This funding will be comprised of a loan in the amount of \$450,000 and grant funds of \$642,000. Draws from this funding did not begin until 2020.

In 2019, the Village obtained an Ohio Public Works Commission (OPWC) E. Main/Riverside Storm Drain loan (#CJ19V) for a project to repair the storm drain outflow to East Fork of Little Miami River. The

VILLAGE OF BATAVIA  
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

OPWC approved a \$72,500 loan at zero interest to the Village for this project. The loan will be repaid in semiannual installments of \$1,813 over 20 years and will be paid off in 2039.

In 2019, the Village obtained the Streamside Residential Development Capital Improvement Special Assessment Revenue Bonds. The \$3 million bonds will be to be used for the purpose of paying the cost of constructing and installing public improvements within a Community Reinvestment Area in the Village. The bonds will be repaid by an assessment under a Payment In Lieu of Real Estate Taxes Agreement and will mature in 2045.

In 2019, the Village obtained the Sharefax Credit Union Police Cruise Loan for the purpose of obtaining a 2017 Ford Explorer for the police department. It was issued in the amount of \$15,170 and carries a maturity date of September 14, 2021.

**Note 15 – Restatement of Fund Cash Balances**

The Village adjusted beginning balances as a result of voiding checks that were issued in a prior year. These restatements had the following effect on balances as previously reported.

	<u>General</u>
Fund Cash Balances, December 31, 2017	\$849,788
Restatements	<u>370</u>
Fund Cash Balances, January 1, 2018	<u>\$850,158</u>

**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***

Independent Auditor's Report

Village Council  
Village of Batavia  
Clermont County  
65 North Second Street  
Batavia, Ohio 45103

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of Batavia, Clermont County (the Village) 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 July 24, 2020, wherein we noted the Village 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 ensuing emergency measures will impact subsequent periods of the Village.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2019-001 through 2019-003 that we consider to be material weaknesses.

Village of Batavia  
Clermont 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*

Page 2

### **Compliance and Other Matters**

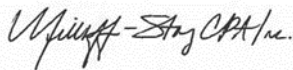
As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-003 through 2019-005.

### **Village's Responses to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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



Millhuff-Stang, CPA, Inc.  
Chillicothe, Ohio

July 24, 2020

**Village of Batavia  
Clermont County**  
*Schedule of Findings and Responses  
For the Years Ended December 31, 2019 and 2018*

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2019-001**

**Material Weakness – Financial Reporting**

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village’s financial statements. During the course of testing, we found misclassifications and misstatements in miscellaneous, charges for services, intergovernmental, and property tax receipts, as well as nonpayroll expenditures and debt proceeds and expenditures. Additionally, certain fund balances were not properly classified and corrections were required to properly present note disclosures for both years. These misstatements, misclassifications and disclosure errors were corrected in the accompanying financial statements and notes.

We recommend the Village implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misclassifications in the financial statements and to ensure proper presentation of note disclosures.

**Village Response:**

Village officials chose not to include a response.

**Finding Number 2019-002**

**Material Weakness – Budgetary Information Within Accounting System**

Accurate budgetary information within the Village’s accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes. Instances were identified in both years of the audit period where allocations for appropriations and estimated resources recorded within UAN were not in agreement with the Council-approved documents. In addition, accurate beginning cash balances were not properly reflected in certificates of estimated resources for 2019. The Village should review budgeting and accounting processes and implement the appropriate steps to ensure that budgeted information within the accounting system is in agreement with formal approved documents. The Village should also ensure that amended certificates of estimated resources, and corresponding amended appropriations, if necessary, are filed when changes to beginning balances, such as posting of audit adjustments or error corrections, occur.

**Village Response:**

Village officials chose not to include a response.

**Finding Number 2019-003**

**Noncompliance Citation/Material Weakness – Proper Public Purpose**

State ex. Rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

**Village of Batavia  
Clermont County**  
*Schedule of Findings and Responses  
For the Years Ended December 31, 2019 and 2018*

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**Finding Number 2019-003 (Continued)**

**Noncompliance Citation/Material Weakness – Proper Public Purpose (Continued)**

During testing of nonpayroll expenditures, we noted late fees of \$2,092.59 were paid by the Village. Additionally, the Village paid \$1,362.26 in late penalties and interest due to late payment of federal tax remittances. Also, we noted six of the sampled credit card transactions that were not supported with an original invoice and sales tax of \$14.85 paid on credit transactions.

Incurrence of late fees, penalties and interest, and sales tax assessments for exempt organizations, as well as unsupported expenditures, could result in the assessment of findings for recovery against officials of the Village by the Auditor of State.

The Village should ensure that all invoices are paid by the listed due date and that all retirement withholdings are paid each month. Additionally, they should adopt proper control procedures to ensure that all credit card transactions are supported by an original invoice and that all transactions are exempt from sales tax. The Village should also improve and enforce their credit card policy, consider limiting the use of the credit card and stripping the use for employees who fail to follow the policy.

**Village Response:**

Village officials chose not to include a response.

**Finding Number 2019-004**

**Noncompliance Citation – Ohio Revised 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.

At December 31, 2019, the Village had expenditures in excess of appropriations the General Fund, Street Fund - Personnel, Water Operating Fund, and Sewer Operating Fund. At December 31, 2018 the Village had expenditures in excess of appropriations the Street Fund - Personnel, Drug Law Enforcement Fund, CGE Sewer Assessment Fund, Street Capital Projects Fund, Water Operating Fund and Sewer Operating Fund.

The Village should implement additional processing and monitoring controls, such as periodic review of budgeted to actual information, to ensure that expenditures, including outstanding encumbrances, are limited to appropriations. The Village should also perform periodic reconciling procedures to ensure that budgeted information within the accounting system is in agreement with formally approved budgets that have been filed with the County Auditor to ensure that budgeted information within the accounting system can be reasonably relied upon.

**Village Response:**

Village officials chose not to include a response.

**Finding Number 2019-005**

**Noncompliance Citation – Ohio Revised Code Section 5705.39**

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources. At December 31, 2019, the Village had appropriations in excess of estimated resources in the Electric Operating and Refuse Enterprise Operating Funds.

**Village of Batavia**  
**Clermont County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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**Finding Number 2019-005 (Continued)**

**Noncompliance Citation – Ohio Revised Code Section 5705.39 (Continued)**

The Village should implement the appropriate procedures, such as periodic comparisons of estimated resources to appropriations and of budgetary amounts in accounting system to formally approved budgets, to ensure that appropriations are limited to estimated resources to ensure improper spending does not occur.

**Village Response:**

Village officials chose not to include a response.



**Village of Batavia  
Clermont County**

*Schedule of Prior Audit Findings  
For the Years Ended December 31, 2019 and 2018*

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
Finding 2017-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2019-001

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF BATAVIA**

**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 12/29/2020**

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](http://www.ohioauditor.gov)