



**BATAVIA TOWNSHIP
CLERMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BATAVIA TOWNSHIP
CLERMONT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Batavia Township
Clermont County
2401 Old S.R. 32
Batavia, OH 45103

To the Board of Trustees:

We have audited the accompanying financial statements of Batavia Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 30, 2002

**BATAVIA TOWNSHIP
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, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$141,474	\$1,166,689	\$18,000	\$1,326,163
Intergovernmental	216,766	236,042		452,808
Special Assessments				0
Charges for Services		151,329		151,329
Licenses, Permits, and Fees	34,318	53,920		88,238
Fines, Forfeitures, and Penalties				0
Earnings on Investments	82,508	53,307	579	136,394
Other Revenue	16,055	26,255		42,310
Total Cash Receipts	<u>491,121</u>	<u>1,687,542</u>	<u>18,579</u>	<u>2,197,242</u>
Cash Disbursements:				
Current:				
General Government	297,682	410,506		708,188
Public Safety	8,640	590,850		599,490
Public Works	7,499	385,898		393,397
Health	31,099	143		31,242
Capital Outlay	1,500	58,266	66,324	126,090
Total Cash Disbursements	<u>346,420</u>	<u>1,445,663</u>	<u>66,324</u>	<u>1,858,407</u>
Total Receipts Over/(Under) Disbursements	<u>144,701</u>	<u>241,879</u>	<u>(47,745)</u>	<u>338,835</u>
Other Financing Receipts/(Disbursements):				
Advances-In	59,000		9,000	68,000
Advances-Out	(9,000)	(50,000)	(9,000)	(68,000)
Other Sources	428	9,038		9,466
Total Other Financing Receipts/(Disbursements)	<u>50,428</u>	<u>(40,962)</u>	<u>0</u>	<u>9,466</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>195,129</u>	<u>200,917</u>	<u>(47,745)</u>	<u>348,301</u>
Fund Cash Balances, January 1	<u>1,257,784</u>	<u>1,624,899</u>	<u>57,705</u>	<u>2,940,388</u>
Fund Cash Balances, December 31	<u>\$1,452,913</u>	<u>\$1,825,816</u>	<u>\$9,960</u>	<u>\$3,288,689</u>
Reserve for Encumbrances, December 31	<u>\$4,314</u>	<u>\$10,557</u>	<u>\$0</u>	<u>\$14,871</u>

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

**BATAVIA TOWNSHIP
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, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$159,032	\$1,136,975	\$18,000	\$1,314,007
Intergovernmental	219,542	203,398		422,940
Charges for Services		101,271		101,271
Licenses, Permits, and Fees	37,178	56,982		94,160
Earnings on Investments	114,190	57,622	2,212	174,024
Other Revenue	12,829	22,443		35,272
Total Cash Receipts	<u>542,771</u>	<u>1,578,691</u>	<u>20,212</u>	<u>2,141,674</u>
Cash Disbursements:				
Current:				
General Government	221,884	394,967		616,851
Public Safety	12,122	599,091		611,213
Public Works	6,814	445,640		452,454
Health	59,742	312		60,054
Capital Outlay	16,639	90,360		106,999
Total Cash Disbursements	<u>317,201</u>	<u>1,530,370</u>	<u>0</u>	<u>1,847,571</u>
Total Receipts Over/(Under) Disbursements	<u>225,570</u>	<u>48,321</u>	<u>20,212</u>	<u>294,103</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	15			15
Advances-In	50,000			50,000
Advances-Out		(50,000)		(50,000)
Other Sources		117		117
Total Other Financing Receipts/(Disbursements)	<u>50,015</u>	<u>(49,883)</u>	<u>0</u>	<u>132</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>275,585</u>	<u>(1,562)</u>	<u>20,212</u>	<u>294,235</u>
Fund Cash Balances, January 1	<u>982,199</u>	<u>1,626,461</u>	<u>37,493</u>	<u>2,646,153</u>
Fund Cash Balances, December 31	<u>\$1,257,784</u>	<u>\$1,624,899</u>	<u>\$57,705</u>	<u>\$2,940,388</u>
Reserve for Encumbrances, December 31	<u>\$3,628</u>	<u>\$16,805</u>	<u>\$0</u>	<u>\$20,433</u>

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

**BATAVIA TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Batavia Township, Clermont County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Batavia, Monroe, Ohio, and Pierce Townships (B.M.O.P.) Volunteer Fire Department of Clermont County to provide fire and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Deposits

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund

This fund receives property tax money to construct, maintain, and repair Township roads and bridges.

**BATAVIA TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

North Fire District Fund

This fund receives general property taxes and tangible personal property taxes for employee compensation, purchase of equipment, and financing other operating expenses for fire protection services.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects funds:

Fire Equipment Fund

This fund receives general property taxes for major capital equipment purchases.

E. Budgetary Process

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

1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. 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 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**BATAVIA TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	2001	2000
Demand deposits	\$1,622,845	\$1,296,199
Certificates of Deposit	1,665,844	1,644,189
Total deposits	\$3,288,689	\$2,940,388

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$480,000	\$491,549	\$11,549
Special Revenue	1,669,750	1,696,579	26,829
Capital Projects	451,120	18,579	(432,541)
Total	\$2,600,870	\$2,206,707	(\$394,163)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$670,500	\$350,734	\$319,766
Special Revenue	2,419,244	1,456,220	963,024
Capital Projects	525,520	66,324	459,196
Total	\$3,615,264	\$1,873,278	\$1,741,986

**BATAVIA TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$530,214	\$542,786	\$12,572
Special Revenue	1,556,488	1,578,807	22,319
Capital Projects	20,000	20,212	212
Total	\$2,106,702	\$2,141,805	\$35,103

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$607,151	\$320,829	\$286,322
Special Revenue	2,290,249	1,547,175	743,074
Capital Projects	0	0	0
Total	\$2,897,400	\$1,868,004	\$1,029,396

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**BATAVIA TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

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

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

Financial Position

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

**BATAVIA TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT (Continued)

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	497,831
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

7. RELATED PARTY TRANSACTIONS

The Township Clerk-Treasurer is the owner of a store from which the Township acquired general merchandise during the year. The Township paid a total of \$462 for this merchandise.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Batavia Township
Clermont County
2401 Old S.R. 32
Batavia, OH 45103

To the Board of Trustees:

We have audited the accompanying financial statements of Batavia Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 30, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 30, 2002.

This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 30, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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BATAVIA TOWNSHIP

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 25, 2002**