

**BATAVIA TOWNSHIP  
Clermont County, Ohio**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2008**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Batavia Township  
1535 Clough Pike  
Batavia, Ohio 45103

We have reviewed the *Independent Auditors' Report* of Batavia Township, Clermont County, prepared by Bastin & Company, LLC, for the audit period January 1, 2008 through December 31, 2008. 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.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 22, 2010

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**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the Board of Trustees  
Batavia Township, Clermont County, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Batavia Township, Clermont County, Ohio, (the Township) as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2008, and the respective changes in financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge and Police District Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2010, on our consideration of the Township's internal control over financial reporting and on our tests of it compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Bastin & Company, L L C". The signature is written in a cursive style and is centered within a light gray rectangular background.

Cincinnati, Ohio  
June 4, 2010

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**

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Unaudited

This discussion and analysis of Batavia Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2008 are as follows:

Net assets of Township activities increased \$296,795, or 11.1 percent.

General receipts represent 85 percent of the total cash received for governmental activities during the year. The Township's general receipts are primarily property taxes. Property tax receipts for 2008 increased 7.6% compared to 2007.

Our property at 1535 Clough Pike was enhanced with the addition of playground equipment which was installed by our maintenance department and several community volunteers. This also included a bike rack to further enhance accessibility and convenience to the play set at our Community Center. Area Boy Scouts worked hard to forge a nature trail with GPS tracking ability complete with Geocache. A \$10,000 donation was received to help fund the County Hike Bike Trail that has a portion that runs through our Township.

The Road & Bridge Department received \$11,366 from FEMA to reimburse the Township for 75% of expenses incurred during the snow storm early in March 2008. Salt purchases in late 2008 were postponed until 2009 due to a sharp increase in pricing. The Township purchased a loader to replace one that had been rented for the last two years. A new duty truck was also purchased and delivered in 2008.

Our Police District levy allowed the hiring of two additional deputies to serve our Township by the end of 2008, bringing our total to four serving. Our deputies remain active in the community by patrolling our neighborhoods and meeting with citizens, especially seniors.

**Using the Basic Financial Statements**

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

**Report Components**

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

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



**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**

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Unaudited

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

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

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

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Government did financially during 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

The statement of net assets and the statement of activities present the Township's financial information as Governmental activities. The Township's basic services include general government services, streets and cemetery maintenance. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

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

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**

Unaudited

The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's only major governmental funds are the General Fund, Gasoline Tax Fund, Road & Bridge Fund and Police District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)  
Net Assets

	Governmental Activities	
	2008	2007
Assets		
Cash and Cash Equivalents	\$ 2,962,238	\$ 2,665,443
Total Assets	\$ 2,962,238	\$ 2,665,443
Net Assets		
Restricted for:		
Debt Service	\$ 7,227	\$ 3,589
Road & Bridge	1,123,444	1,110,250
Other Purposes	987,722	942,821
Unrestricted	843,845	608,783
Total Net Assets	\$ 2,962,238	\$ 2,665,443

As mentioned previously, net assets of governmental activities increased \$296,795, or 11 percent, during 2008.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**

Unaudited

Table 2 reflects the changes in net assets in 2008 compared to 2007 on a cash basis.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2008	2007
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 76,910	\$ 58,236
Operating Grants and Contributions	178,195	190,000
Capital Grants and Contributions	56,792	55,534
Total Program Receipts	311,897	303,770
General Receipts:		
Property and Other Local Taxes	1,294,433	1,202,623
Grants and Entitlements Not Restricted to Specific Programs	342,153	277,074
Earnings on Investments	73,735	141,130
Miscellaneous	75,291	87,179
Total General Receipts	1,785,612	1,708,006
Total Receipts	2,097,509	2,011,776
Disbursements:		
General Government	469,345	492,261
Public Safety	281,007	150,690
Public Health	63,451	22,831
Public Works	596,758	622,119
Recreation	31,714	33,750
Capital Outlay	282,078	425,654
Principal Retirement	35,000	35,000
Interest and Fiscal Charges	41,361	42,411
Total Disbursements	1,800,714	1,824,716
Increase in Net Assets	296,795	187,060
Net Assets, January 1	2,665,443	2,478,383
Net Assets, December 31	\$ 2,962,238	\$ 2,665,443

General receipts represent 85 percent of the Township's total receipts, and of this amount, approximately 72 percent are property taxes and other local taxes. Local government funds, hotel/motel occupancy tax, estate tax, miscellaneous receipts, payments received in lieu of taxes and interest income make up the balance of the Township's general receipts.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**

Unaudited

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, and the fiscal officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to the lowest amount as possible. Public Safety is the cost of police and fire protection. Public Health is cost of running the health department. Public Works is the cost of maintaining the roads. Recreation is the cost of providing a bike trail.

Expenditures decreased by \$24,002 from 2007 primarily from decreases in capital outlay expenditures offset by the increased public safety expense as a result of hiring of two additional deputies. Increases in salaries for Township employees were from 0% to 2% based on employee evaluations and Trustee recommendations. The Township continues to pay 100% for health insurance coverage available to all employees and elected officials. Health benefit costs continue to increase substantially as is the current market for health insurance coverage. Premiums were held down by continuing with an HRA Healthcare Reimbursement Account/high deductible health plan along with allowing employees or elected officials reimbursement for other health plans that cost the same or less than Township premiums (if they pay premiums out of pocket). This was done by resolution a year ago and continues to help the Township control health insurance costs.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. General government also represents a significant cost. The Net (Disbursements)/Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$ 469,345	\$ 422,471	\$ 492,261	\$ 417,552
Public Safety	281,007	276,600	150,690	148,848
Public Works	596,758	516,673	622,119	537,532
Public Health	63,451	37,822	22,831	17,698
Recreation	31,714	31,714	33,750	33,750
Capital Outlay	282,078	127,176	425,654	288,155
Principal Retirement	35,000	35,000	35,000	35,000
Interest and Fiscal Charges	41,361	41,361	42,411	42,411
<b>Total Expenses</b>	<b>\$ 1,800,714</b>	<b>\$ 1,488,817</b>	<b>\$ 1,824,716</b>	<b>\$ 1,520,946</b>

The dependence upon general receipts is apparent as 83 percent of governmental activities are supported through general receipts for both 2008 and 2007.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**

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Unaudited

**Business-type Activities**

The Township currently has no Business-type Activities.

**The Township's Funds**

Total governmental funds had receipts (excluding transfers between funds) of \$2,097,509 and disbursements (excluding transfers between funds) of \$1,800,714. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$235,062.

**General Fund Budgeting Highlights**

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

During 2008, the Township amended its General Fund budgeted revenues one time and made no amendments to budgeted expenditures. Disbursements were budgeted at \$821,250 while actual disbursements were \$575,048. Overall, the General Fund's budgetary fund balance increased by \$235,062 for 2008.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township currently keeps track of its assets utilizing inventory software provided with the UAN accounting package.

**Debt**

At December 31, 2008, the Government's outstanding debt included \$905,000 in general obligation bonds issued for improvements to buildings and structures. The Bonds were issued at \$1,000,000 in September 2005 to facilitate the construction of the new Community Center at 1535 Clough Pike.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Township relies heavily on local taxes and has very little industry to support the tax base. The Township has reviewed our sources of revenue and determined that significant increases were unlikely.

Decreases may be more likely, mainly in the General Fund. The State of Ohio has ruled that cable franchise fees imposed jointly by the cable companies and the Township are unconstitutional as satellite companies do not collect these fees. Estate tax abolishment in the United States seems to be likely and the Township will no longer obtain a share of these proceeds for the General Fund. The other threat to the General Fund income is in regards to the State's Local Government Distribution. In addition, the Ford Transmission Plant closure in 2008 will have yet another significant impact on the Township. The State of Ohio foresees a biennial budget deficit for the State of Ohio in 2008 and 2009.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**

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Unaudited

The Board is concerned about the potential loss of these income sources and will have to budget in the future to accommodate these declines in receipts. All departments have been asked to apply due diligence over their spending for supplies and miscellaneous items.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jennifer Haley, Fiscal Officer, Batavia Township, or Rex Parsons, Administrator, 1535 Clough Pike, Batavia, Ohio 45103.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
Statement of Net Assets - Cash Basis  
December 31, 2008

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,962,238
<i>Total Assets</i>	<u><u>\$ 2,962,238</u></u>
<b>Net Assets</b>	
Restricted for:	
Road and Bridge	\$ 1,123,444
Debt Service	7,227
Other Purposes	987,722
Unrestricted	843,845
<i>Total Net Assets</i>	<u><u>\$ 2,962,238</u></u>

See accompanying notes to the basic financial statements

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2008

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$ 469,345	\$ 46,874	\$ -	\$ -	\$ (422,471)
Public Safety	281,007	4,407	-	-	(276,600)
Public Works	596,758	-	23,293	56,792	(516,673)
Public Health	63,451	25,629	-	-	(37,822)
Recreation	31,714	-	-	-	(31,714)
Capital Outlay	282,078	-	154,902	-	(127,176)
Debt Service:					
Principal	35,000	-	-	-	(35,000)
Interest and Fiscal Charges	41,361	-	-	-	(41,361)
<i>Total Governmental Activities</i>	<u>\$ 1,800,714</u>	<u>\$ 76,910</u>	<u>\$ 178,195</u>	<u>\$ 56,792</u>	<u>(1,488,817)</u>
		<b>General Receipts</b>			
					1,294,433
					342,153
					73,735
					75,291
					<u>1,785,612</u>
					296,795
					<u>2,665,443</u>
					<u>\$ 2,962,238</u>

See accompanying notes to the basic financial statements



**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**

Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2008

	<u>GENERAL</u>	<u>GASOLINE TAX</u>	<u>ROAD AND BRIDGE</u>	<u>POLICE DISTRICT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 843,845	\$ 246,373	\$ 1,123,444	\$ 308,406	\$ 440,170	\$ 2,962,238
<i>Total Assets</i>	<u>\$ 843,845</u>	<u>\$ 246,373</u>	<u>\$ 1,123,444</u>	<u>\$ 308,406</u>	<u>\$ 440,170</u>	<u>\$ 2,962,238</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$ -	\$ -	\$ 5,718	\$ -	\$ -	\$ 5,718
Unreserved:						
Undesignated Reported in:						
General Fund	843,845	-	-	-	-	843,845
Special Revenue Funds	-	246,373	1,117,726	308,406	432,943	2,105,448
Debt Service	-	-	-	-	7,227	7,227
<i>Total Fund Balances</i>	<u>\$ 843,845</u>	<u>\$ 246,373</u>	<u>\$ 1,123,444</u>	<u>\$ 308,406</u>	<u>\$ 440,170</u>	<u>\$ 2,962,238</u>

See accompanying notes to the basic financial statements

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	POLICE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Receipts</b>						
Property and Other Local Taxes	\$ 341,970	\$ -	\$ 609,500	\$ 330,112	\$ 12,851	\$ 1,294,433
Licenses, Permits and Fees	2,538	-	-	-	74,372	76,910
Intergovernmental	330,787	154,902	-	-	91,451	577,140
Earnings on Investments	59,746	7,419	-	-	6,570	73,735
Miscellaneous	75,069	-	222	-	-	75,291
<i>Total Receipts</i>	<u>810,110</u>	<u>162,321</u>	<u>609,722</u>	<u>330,112</u>	<u>185,244</u>	<u>2,097,509</u>
<b>Disbursements</b>						
Current:						
General Government	399,520	-	27,051	-	42,774	469,345
Public Safety	-	-	-	229,687	51,320	281,007
Public Works	13,138	-	478,110	-	105,510	596,758
Health	47,465	-	-	-	15,986	63,451
Recreation	31,714	-	-	-	-	31,714
Capital Outlay	3,211	183,000	91,367	-	4,500	282,078
Debt Service:						
Principal Retirement	-	-	-	-	35,000	35,000
Interest and Fiscal Charges	-	-	-	-	41,361	41,361
<i>Total Disbursements</i>	<u>495,048</u>	<u>183,000</u>	<u>596,528</u>	<u>229,687</u>	<u>296,451</u>	<u>1,800,714</u>
Excess of Receipts Over (Under) Disbursements	<u>315,062</u>	<u>(20,679)</u>	<u>13,194</u>	<u>100,425</u>	<u>(111,207)</u>	<u>296,795</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	-	-	-	80,000	80,000
Transfers Out	(80,000)	-	-	-	-	(80,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	235,062	(20,679)	13,194	100,425	(31,207)	296,795
<i>Fund Balances Beginning of Year</i>	<u>608,783</u>	<u>267,052</u>	<u>1,110,250</u>	<u>207,981</u>	<u>471,377</u>	<u>2,665,443</u>
<i>Fund Balances End of Year</i>	<u>\$ 843,845</u>	<u>\$ 246,373</u>	<u>\$ 1,123,444</u>	<u>\$ 308,406</u>	<u>\$ 440,170</u>	<u>\$ 2,962,238</u>

See accompanying notes to the basic financial statements

**BATAVIA TOWNSHIP****Clermont County, Ohio**Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund

For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 295,000	\$ 341,970	\$ 341,970	\$ -
Licenses, Permits and Fees	-	499	2,538	2,039
Intergovernmental	212,240	330,787	330,787	-
Earnings on Investments	85,000	59,000	59,746	746
Miscellaneous	82,000	75,000	75,069	69
<i>Total Receipts</i>	<u>674,240</u>	<u>807,256</u>	<u>810,110</u>	<u>2,854</u>
<b>Disbursements</b>				
Current:				
General Government	557,500	557,500	399,520	157,980
Public Works	25,100	25,100	13,138	11,962
Public Health	89,000	89,000	47,465	41,535
Recreation	33,750	33,750	31,714	2,036
Capital Outlay	20,000	20,000	3,211	16,789
<i>Total Disbursements</i>	<u>725,350</u>	<u>725,350</u>	<u>495,048</u>	<u>230,302</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(51,110)</u>	<u>81,906</u>	<u>315,062</u>	<u>233,156</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(80,000)	(80,000)	(80,000)	-
Other Financing Uses	(15,900)	(15,900)	-	15,900
<i>Total Other Financing Sources (Uses)</i>	<u>(95,900)</u>	<u>(95,900)</u>	<u>(80,000)</u>	<u>15,900</u>
<i>Net Change in Fund Balance</i>	<u>(147,010)</u>	<u>(13,994)</u>	<u>235,062</u>	<u>249,056</u>
<i>Fund Balance Beginning of Year</i>	<u>608,783</u>	<u>608,783</u>	<u>608,783</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 461,773</u>	<u>\$ 594,789</u>	<u>\$ 843,845</u>	<u>\$ 249,056</u>

See accompanying notes to the basic financial statements

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$ 150,000	\$ 154,902	\$ 154,902	\$ -
Earnings on Investments	12,000	7,131	7,419	288
<i>Total Receipts</i>	<u>162,000</u>	<u>162,033</u>	<u>162,321</u>	<u>288</u>
<b>Disbursements</b>				
Capital Outlay	183,000	183,000	183,000	-
<i>Total Disbursements</i>	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(21,000)	(20,967)	(20,679)	288
<i>Fund Balance Beginning of Year</i>	<u>267,052</u>	<u>267,052</u>	<u>267,052</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 246,052</u>	<u>\$ 246,085</u>	<u>\$ 246,373</u>	<u>\$ 288</u>

See accompanying notes to the basic financial statements

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Road and Bridge Fund  
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 613,000	\$ 609,500	\$ 609,500	\$ -
Intergovernmental	30,000	-	-	-
Miscellaneous	15,000	11,588	222	(11,366)
<i>Total Receipts</i>	<u>658,000</u>	<u>621,088</u>	<u>609,722</u>	<u>(11,366)</u>
<b>Disbursements</b>				
Current:				
General Government	30,000	30,000	27,051	2,949
Public Works	697,692	697,692	483,828	213,864
Capital Outlay	303,061	303,061	91,367	211,694
<i>Total Disbursements</i>	<u>1,030,753</u>	<u>1,030,753</u>	<u>602,246</u>	<u>428,507</u>
<i>Net Change in Fund Balance</i>	(372,753)	(409,665)	7,476	417,141
<i>Fund Balance Beginning of Year</i>	1,041,997	1,041,997	1,041,997	-
Prior Year Encumbrances Appropriated	68,253	68,253	68,253	-
<i>Fund Balance End of Year</i>	<u>\$ 737,497</u>	<u>\$ 700,585</u>	<u>\$ 1,117,726</u>	<u>\$ 417,141</u>

See accompanying notes to the basic financial statements

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Police District Fund  
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 371,000	\$ 330,112	\$ 330,112	\$ -
<i>Total Receipts</i>	<u>371,000</u>	<u>330,112</u>	<u>330,112</u>	<u>-</u>
<b>Disbursements</b>				
Current:				
Public Safety	500,000	500,000	229,687	270,313
<i>Total Disbursements</i>	<u>500,000</u>	<u>500,000</u>	<u>229,687</u>	<u>270,313</u>
<i>Net Change in Fund Balance</i>	(129,000)	(169,888)	100,425	270,313
<i>Fund Balance Beginning of Year</i>	<u>207,981</u>	<u>207,981</u>	<u>207,981</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 78,981</u>	<u>\$ 38,093</u>	<u>\$ 308,406</u>	<u>\$ 270,313</u>

See accompanying notes to the basic financial statements

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**1. REPORTING ENTITY**

Reporting Entity

Batavia Township, Clermont County, (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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

**A. Primary Government**

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

The Township participates in the Central Joint Fire-EMS District, which is a jointly governed organization. A jointly governed organization is governed by a representative from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. The Central Joint Fire-EMS District started operations January 1, 2002. The District is directed by an appointed five-member Board of Trustees. Two board members are appointed by each political subdivision within the District. Those subdivisions are Batavia Township, Village of Batavia and an at large appointee. The District provides fire protection and rescue services within the Village of Batavia, Batavia Township and by contract to the Village of Amelia, which is outside the District.

**B. Jointly Governed Organization/Risk Pool**

The Township participates in one jointly governed organization and one public entity risk pool. Notes 6 and 11 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA)

Jointly Governed Organization:

Central Joint Fire-EMS District

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

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncement, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide statements, which include a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the Township. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the financial condition of the governmental activities of the Township at December 31, 2008. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient for the program's goods or services and grants and contributions that are restricted to meeting the operations or capital requirements of the particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which the governmental programs are self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

The Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.



**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Township's only major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Police District Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund receives tax monies for maintenance of Township roads. The Road and Bridge Fund receives property tax money for constructing, maintaining and repairing Township Roads. The Police District Fund receives tax monies from a levy to support the police operations of the Township.

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

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department and object level.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2008, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to the Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$59,746.

**F. Capital Assets**

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

**G. Accumulated Leave**

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

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

**H. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**I. Long - Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**J. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance and increase in both health benefits and salaries.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**K. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that a portion of a fund balance is available for appropriation in future periods. Fund balances reserves have been established for encumbrances.

**L. Interfund Transactions**

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

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund (and any major special revenue funds) are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end 2008 (budgetary basis) amounted to \$5,718 in the Road and Bridge Fund.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

**4. DEPOSITS AND INVESTMENTS**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned. Protection of Township's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets. Any public depository in which the Township places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the FDIC. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105 percent of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. At year-end, the carrying amount of the Township's deposits was \$2,962,238 and the bank balance was \$3,021,066. FDIC covered \$363,075 of the bank balance. The Township was exposed to custodial risk for \$2,657,991 as the balance was uninsured and collateralized with securities held by the pledging financial institution's trust department not in the Township's name.

**5. PROPERTY TAX**

Property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

The full tax rate for all Township operations for the year ended December 31, 2008, was \$3.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based as follows:

Real Property	
Residential	\$289,339,760
Agriculture	7,585,920
Commercial	73,312,030
Industrial	36,636,660
Total Real Estate	406,874,370
Personal Public Utility	10,585,850
General Personal	13,184,746
Total Personal	23,770,596
Grand Total (taxable)	\$430,644,966

**6. RISK MANAGEMENT**

In 2008, the Township switched from the Ohio Government Risk Management Plan to the Ohio Township Association Risk Management Authority (OTARMA).

OTARMA is a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (APRCO), a division of York Insurance Services Group, Inc. (York) functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims

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

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

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, 2008 and 2007 (the latest information available):

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Retained earnings	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008, and 2007 casualty coverage liabilities noted above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable, respectively. The assets and retained earnings above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and December 31, 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$15,313.

Based on discussions with OTARMA the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contribution to OTARMA for 2008 was \$17,806

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**7. DEFINED BENEFIT PENSION PLANS**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2008 was 14.00 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$52,296, \$51,013, and \$50,394 respectively; the full amount has been contributed for 2008, 2007 and 2006.

**8. POSTEMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan – a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan – a defined contribution plan; and the combined plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other post-employment benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4643, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered



**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to health care was 7.0% of covered healthcare. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's required contributions which were used to fund post-employment benefits for the year ended December 31, 2008 were \$26,148.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan

**9. DEBT**

The Township's long-term debt activity for the year ended December 31, 2008, was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>December 31,</u> <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2008</u>	<u>Due</u> <u>Within</u> <u>One</u> <u>Year</u>
2005 General Obligation Bonds (Original Amount \$1,000,000 at 3%)	<u>\$940,000</u>	<u>\$ -</u>	<u>\$35,000</u>	<u>\$905,000</u>	<u>\$40,000</u>

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(continued)**

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

<u>Year</u>	<u>G.O Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$40,000	\$40,311
2010	40,000	39,071
2011	40,000	37,771
2012	40,000	36,431
2013	45,000	35,031
2014 – 2018	245,000	148,194
2019 – 2023	310,000	82,687
2024 – 2025	<u>145,000</u>	<u>10,450</u>
Totals	<u>\$905,000</u>	<u>\$429,946</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008 were an overall debt margin of \$23,685,473 and an unvoted debt margin of \$45,217,721.

**10. TRANSFERS**

During 2008, the General fund transferred \$80,000 to the General Bond Retirement Fund to provide funding for scheduled debt payments.

**11. JOINTLY GOVERNED ORGANIZATIONS**

The Township participates in the Central Joint Fire-EMS District, which is a jointly governed organization. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is not ongoing financial interest or responsibility on the part of the participation governments. The Central joint Fire-EMS District started operations January 1, 2002. The District is directed by an appointed five-member Board of Trustees. Two board members are appointed by each political subdivision within the District. Those subdivisions are Batavia Township, the Village of Batavia and an at large appointee. The District provides fire protection and rescue services within the Village of Batavia, Batavia Township and by contract to the Village of Amelia, which is outside the District.

# Bastin & Company, LLC

*Certified Public Accountants*

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Members of the Board of Trustees  
Batavia Township, Clermont County, Ohio

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Batavia Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2008, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 4, 2010 wherein we noted that the Township's financial statements follow the cash accounting basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

*Bastin & Company, LLC*

Cincinnati, Ohio  
June 4, 2010

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**SCHEDULE OF PRIOR YEAR FINDINGS**

There were no findings reported for the year ended December 31, 2007.





Mary Taylor, CPA  
Auditor of State

**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  
AUGUST 3, 2010**