

**BATAVIA TOWNSHIP  
Clermont County, Ohio**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2006**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Batavia Township, Clermont County, prepared by Bastin & Company, LLC, for the audit period January 1, 2006 to December 31, 2006. 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

November 14, 2008

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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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Batavia Township, (the Township) as of and for the year ended December 31, 2006, 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, 2006, and the respective changes in financial position and the respective budgetary comparison for the General, Gasoline Tax and Road and Bridge 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 October 14, 2008, 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 10 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 box.

Cincinnati, Ohio  
October 14, 2008

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2006**

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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, 2006, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

Net assets of Township activities decreased \$966,835, or 28 percent, a significant change from the prior year. The decrease was primarily due to the expenditure of bond proceeds that were received during 2005 for the construction of the Township's Community Center Building which was completed and dedicated July 16, 2006.

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. These receipts represent 53 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased very little compared to 2005 as development within the Township has slowed slightly and county TIF properties' impact has yet to be realized.

Central Joint Fire & EMS District took possession of the entire front of the Township building at 2401 Old St. Rt. 32. Funds released to the Fire District from the Township in 2005 were utilized to remodel and update indoor facilities for the District's use. Parking lot repairs were commenced and stopped at the facility due to access water table issues and impending colder weather. Temporary measures were taken by the contractor to make the building accessible to visitors while construction was delayed until spring 2007. These parking lot repairs had been needed for some time and the Township took financial responsibility to complete the necessary repairs. The Maintenance Department assisted the new parking lot construction by installing new (and more) drain tiles in the parking lot to facilitate access water buildup and drainage issues on the property. Still open items were the garage aprons and garage access driveways.

The Road & Bridge Department (Maintenance) Department additional garage space to the rear of the building at 2401 Old St. Rt. 32 was completed and readily occupied by equipment and vehicles that previously were stored outside. A new John Deere tractor was received and fitted for custom mowing equipment for use in the Township. The Township purchased the Craig Duncan property at the corner of St. Rt. 132 and Chapel Road. This was in partnership with the County to facilitate intersection alignment and improvement in that area. Construction improvements were not scheduled until the summer of 2007.

In August 2006, the Board decided to put a levy on the November 2006 ballot asking voters for a 1 mil levy to support increased funding for police protection in the Township. Prior to this, funding for partnering with the Sheriff's Department for police protection came from a grant which had long been depleted, so funding for additional officers was to come from the General Fund. Forecasting for the General Fund shows a continuous decrease in probable income, so a levy to support increased police protection was deemed necessary. The voters passed this levy.



**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2006**

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**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 modified cash basis of accounting.

**Report Components**

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

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

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

**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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified 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 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments 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

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2006**

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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 income 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.

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, Permissive Motor Vehicle License Tax Fund and Miscellaneous Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2006**

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**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a modified cash basis:

(Table 1)  
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$ 2,478,383	\$ 3,445,218
Total Assets	\$ 2,478,383	\$ 3,445,218
Net Assets		
Restricted for:		
Debt Service	\$ 1,000	\$ -
Capital Outlay	56,895	1,097,557
Road & Bridge	922,302	878,168
Other Purposes	987,741	926,869
Unrestricted	510,445	542,624
Total Net Assets	\$ 2,478,383	\$ 3,445,218

As mentioned previously, net assets of governmental activities decreased \$966,835, or 28, percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- Unanticipated slow growth in local tax receipts. Over the last year, new construction has slowed due to the slowing economy. Impact of County TIF areas are yet to be realized.
- Checking interest earned was substantial for 2006. Total interest income for 2006 was \$127,995.
- Increases in salaries for Township employees ranging from 3% to 5% based on employee evaluations and Trustee recommendations.
- In 2006, the Township made two payments on bonds for the new Community Center in the amount totaling \$75,000. This included the principal amount of \$25,000 and interest amount of \$50,000.
- Health benefit costs grew substantially as is the current market for health insurance coverage. 2006 year's premiums were held down by implementing an HRA Healthcare Reimbursement Account/high deductible health plan.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2006**

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Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for Township activities and total primary government.

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

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 74,080	\$ 116,495
Operating Grants and Contributions	223,348	232,995
Capital Grants and Contributions	55,014	50,665
Total Program Receipts	<u>352,442</u>	<u>400,155</u>
General Receipts:		
Property and Other Local Taxes	903,573	805,855
Sale of Fixed Assets	-	108,000
Grants and Entitlements Not Restricted to Specific Programs	245,149	148,566
Interest	127,995	58,143
Miscellaneous	70,769	95,008
Bond Proceeds	-	1,002,387
Total General Receipts	<u>1,347,486</u>	<u>2,217,959</u>
Total Receipts	<u>1,699,928</u>	<u>2,618,114</u>
Disbursements:		
General Government	490,310	692,755
Public Safety:	41,117	31,623
Health	81,216	220,392
Public Works	377,754	511,415
Capital Outlay	1,601,366	1,741,972
Principal Retirement	25,000	-
Interest and Fiscal Charges	50,000	-
Total Disbursements	<u>2,666,763</u>	<u>3,198,157</u>
Increase (Decrease) in Net Assets	(966,835)	(580,043)
Net Assets, January 1	3,445,218	4,025,261
Net Assets, December 31	<u>\$ 2,478,383</u>	<u>\$ 3,445,218</u>

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2006**

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General receipts represent 79 percent of the Township's total receipts, and of this amount, over 67 percent are local taxes. State and federal grants and entitlements make up 18 percent of the balance of the Township's general receipts. Other receipts are somewhat unpredictable revenue sources.

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 costs of police and fire protection; Public Health is the health department; and Public Works is the cost of maintaining the roads.

**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 Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$ 490,310	\$ 401,240	\$ 692,755	\$ 546,065
Public Safety	41,117	39,196	31,623	31,623
Public Works	377,754	268,635	511,415	275,078
Public Health	81,216	70,537	220,392	203,264
Capital Outlay	1,601,366	1,459,713	1,741,972	1,741,972
Principal Retirement	25,000	25,000	-	-
Interest and Fiscal Charges	50,000	50,000	-	-
<b>Total Expenses</b>	<b>\$ 2,666,763</b>	<b>\$ 2,314,321</b>	<b>\$ 3,198,157</b>	<b>\$ 2,798,002</b>

The dependence upon general receipts is apparent as over 86 percent of governmental expenditure activities are supported through general receipts.

**Business-type Activities**

The Township currently has no Business-type Activities.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2006**

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**The Township's Funds**

Total governmental funds had receipts of \$1,699,928 and disbursements of \$2,666,763. The greatest change within governmental funds occurred within the Miscellaneous Capital Projects Fund. The fund balance of the Miscellaneous Capital Projects Fund decreased \$1,040,662 as the result of construction expenditures on the Community Center Building Project.

**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 2006, the Township did not amend its General Fund budget. Disbursements were budgeted at \$1,055,200 while actual disbursements were \$738,375. Overall, the General Fund's budgetary fund balance decreased by \$32,179 for 2006.

**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, 2006, the Government's outstanding debt included \$975,000 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.

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.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2006**

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**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, 2006

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,478,383
<i>Total Assets</i>	\$ 2,478,383
 <b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 56,895
Road and Bridge	922,302
Debt Service	1,000
Other Purposes	987,741
Unrestricted	510,445
<i>Total Net Assets</i>	\$ 2,478,383

See accompanying notes to the basic financial statements



**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$ 490,310	\$ 61,480	\$ 27,590	\$ -	\$ (401,240)
Public Safety	41,117	1,921	-	-	(39,196)
Public Works	377,754	-	54,105	55,014	(268,635)
Public Health	81,216	10,679	-	-	(70,537)
Capital Outlay	1,601,366	-	141,653	-	(1,459,713)
Debt Service:					
Principal	25,000	-	-	-	(25,000)
Interest and Fiscal Charges	50,000	-	-	-	(50,000)
<i>Total Governmental Activities</i>	<u>\$ 2,666,763</u>	<u>\$ 74,080</u>	<u>\$ 223,348</u>	<u>\$ 55,014</u>	<u>(2,314,321)</u>
		<b>General Receipts</b>			
		Property and Other Local Taxes			903,573
		Grants and Entitlements not Restricted to Specific Programs			245,149
		Interest			127,995
		Miscellaneous			70,769
		<i>Total General Receipts</i>			<u>1,347,486</u>
		Change in Net Assets			(966,835)
		<i>Net Assets Beginning of Year</i>			<u>3,445,218</u>
		<i>Net Assets End of Year</i>			<u>\$ 2,478,383</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, 2006

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	PERMISSIVE MOTOR VEHICLE LICENSE	MISC CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 510,445	\$ 346,695	\$ 922,302	\$ 276,049	\$ 56,895	\$ 365,997	\$ 2,478,383
<i>Total Assets</i>	<u>\$ 510,445</u>	<u>\$ 346,695</u>	<u>\$ 922,302</u>	<u>\$ 276,049</u>	<u>\$ 56,895</u>	<u>\$ 365,997</u>	<u>\$ 2,478,383</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$ -	\$ 50,000	\$ 8,083	\$ 118,206	\$ -	\$ 50,000	\$ 226,289
Unreserved:							
Undesignated Reported in:							
General Fund	510,445	-	-	-	-	-	510,445
Special Revenue Funds	-	296,695	914,219	157,843	-	314,997	1,683,754
Debt Service	-	-	-	-	-	1,000	1,000
Capital Projects Funds	-	-	-	-	56,895	-	56,895
<i>Total Fund Balances</i>	<u>\$ 510,445</u>	<u>\$ 346,695</u>	<u>\$ 922,302</u>	<u>\$ 276,049</u>	<u>\$ 56,895</u>	<u>\$ 365,997</u>	<u>\$ 2,478,383</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, 2006

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	PERMISSIVE MOTOR VEHICLE LICENSE	MISC CAPITAL PROJECT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Receipts</b>							
Property and Other Local Taxes	\$ 300,315	\$ -	\$ 591,614	\$ -	\$ -	\$ 11,644	\$ 903,573
Licenses, Permits and Fees	1,080	-	3,300	-	-	69,700	74,080
Intergovernmental	245,149	141,653	54,105	55,014	-	27,590	523,511
Interest	89,048	18,703	-	15,058	-	5,186	127,995
Miscellaneous	70,604	-	55	-	-	110	70,769
<i>Total Receipts</i>	<u>706,196</u>	<u>160,356</u>	<u>649,074</u>	<u>70,072</u>	<u>-</u>	<u>114,230</u>	<u>1,699,928</u>
<b>Disbursements</b>							
Current:							
General Government	365,745	-	51,251	-	-	73,314	490,310
Public Safety	40,575	-	-	-	-	542	41,117
Public Works	7,441	-	338,439	31,874	-	-	377,754
Public Health	75,216	-	-	-	-	6,000	81,216
Capital Outlay	93,398	171,709	215,250	-	1,120,662	347	1,601,366
Debt Service:							
Principal Retirement	-	-	-	-	-	25,000	25,000
Interest and Fiscal Charges	-	-	-	-	-	50,000	50,000
<i>Total Disbursements</i>	<u>582,375</u>	<u>171,709</u>	<u>604,940</u>	<u>31,874</u>	<u>1,120,662</u>	<u>155,203</u>	<u>2,666,763</u>
Excess of Receipts Over (Under) Disbursements	<u>123,821</u>	<u>(11,353)</u>	<u>44,134</u>	<u>38,198</u>	<u>(1,120,662)</u>	<u>(40,973)</u>	<u>(966,835)</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In	-	-	-	-	80,000	76,000	156,000
Transfers Out	(156,000)	-	-	-	-	-	(156,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(156,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>76,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>(32,179)</u>	<u>(11,353)</u>	<u>44,134</u>	<u>38,198</u>	<u>(1,040,662)</u>	<u>35,027</u>	<u>(966,835)</u>
<i>Fund Balances Beginning of Year</i>	<u>542,624</u>	<u>358,048</u>	<u>878,168</u>	<u>237,851</u>	<u>1,097,557</u>	<u>330,970</u>	<u>3,445,218</u>
<i>Fund Balances End of Year</i>	<u>\$ 510,445</u>	<u>\$ 346,695</u>	<u>\$ 922,302</u>	<u>\$ 276,049</u>	<u>\$ 56,895</u>	<u>\$ 365,997</u>	<u>\$ 2,478,383</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 286,600	\$ 286,600	\$ 300,315	\$ 13,715
Licenses, Permits and Fees	-	-	1,080	1,080
Intergovernmental	210,150	210,150	245,149	34,999
Interest	70,000	70,000	89,048	19,048
Miscellaneous	75,000	75,000	70,604	(4,396)
<i>Total Receipts</i>	<u>641,750</u>	<u>641,750</u>	<u>706,196</u>	<u>64,446</u>
<b>Disbursements</b>				
Current:				
General Government	535,200	535,200	365,745	169,455
Public Safety	120,000	120,000	40,575	79,425
Public Works	21,000	21,000	7,441	13,559
Public Health	80,000	80,000	75,216	4,784
Capital Outlay	115,000	115,000	93,398	21,602
<i>Total Disbursements</i>	<u>871,200</u>	<u>871,200</u>	<u>582,375</u>	<u>288,825</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(229,450)</u>	<u>(229,450)</u>	<u>123,821</u>	<u>353,271</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(156,000)	(156,000)	(156,000)	-
Other Financing Uses	(28,000)	(28,000)	-	28,000
<i>Total Other Financing Sources (Uses)</i>	<u>(184,000)</u>	<u>(184,000)</u>	<u>(156,000)</u>	<u>28,000</u>
<i>Net Change in Fund Balance</i>	<u>(413,450)</u>	<u>(413,450)</u>	<u>(32,179)</u>	<u>381,271</u>
<i>Fund Balance Beginning of Year</i>	<u>542,624</u>	<u>542,624</u>	<u>542,624</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 129,174</u>	<u>\$ 129,174</u>	<u>\$ 510,445</u>	<u>\$ 381,271</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, 2006

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$ 105,000	\$ 105,000	\$ 141,653	\$ 36,653
Interest	3,500	3,500	18,703	15,203
<i>Total Receipts</i>	<u>108,500</u>	<u>108,500</u>	<u>160,356</u>	<u>51,856</u>
<b>Disbursements</b>				
Capital Outlay	275,000	275,000	221,709	53,291
<i>Total Disbursements</i>	<u>275,000</u>	<u>275,000</u>	<u>221,709</u>	<u>53,291</u>
<i>Net Change in Fund Balance</i>	(166,500)	(166,500)	(61,353)	105,147
<i>Fund Balance Beginning of Year</i>	<u>358,048</u>	<u>358,048</u>	<u>358,048</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 191,548</u>	<u>\$ 191,548</u>	<u>\$ 296,695</u>	<u>\$ 105,147</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, 2006

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 524,000	\$ 524,000	\$ 591,614	\$ 67,614
Licenses, Permits and Fees	-	-	3,300	3,300
Intergovernmental	60,000	60,000	54,105	(5,895)
Miscellaneous	7,000	7,000	55	(6,945)
<i>Total Receipts</i>	<u>591,000</u>	<u>591,000</u>	<u>649,074</u>	<u>58,074</u>
<b>Disbursements</b>				
Current:				
General Government	58,200	58,200	51,251	6,949
Public Works	584,192	584,192	346,522	237,670
Capital Outlay	264,741	264,741	215,250	49,491
<i>Total Disbursements</i>	<u>907,133</u>	<u>907,133</u>	<u>613,023</u>	<u>294,110</u>
<i>Net Change in Fund Balance</i>	(316,133)	(316,133)	36,051	352,184
<i>Fund Balance Beginning of Year</i>	693,236	693,236	693,236	-
Prior Year Encumbrances Appropriated	<u>184,932</u>	<u>184,932</u>	<u>184,932</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 562,035</u></u>	<u><u>\$ 562,035</u></u>	<u><u>\$ 914,219</u></u>	<u><u>\$ 352,184</u></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  
Permissive Motor Vehicle License Tax Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 55,014	\$ 10,014
Interest	5,000	5,000	15,058	10,058
<i>Total Receipts</i>	<u>50,000</u>	<u>50,000</u>	<u>70,072</u>	<u>20,072</u>
<b>Disbursements</b>				
Current:				
Public Works	152,000	152,000	150,080	1,920
<i>Total Disbursements</i>	<u>152,000</u>	<u>152,000</u>	<u>150,080</u>	<u>1,920</u>
<i>Net Change in Fund Balance</i>	(102,000)	(102,000)	(80,008)	21,992
<i>Fund Balance Beginning of Year</i>	<u>237,851</u>	<u>237,851</u>	<u>237,851</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 135,851</u>	<u>\$ 135,851</u>	<u>\$ 157,843</u>	<u>\$ 21,992</u>

See accompanying notes to the basic financial statements

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**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 Clerk.

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, 2006**  
**(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, 2006. 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, 2006**  
**(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, Road and Bridge Fund, Permissive Motor Vehicle License Tax Fund and Miscellaneous Capital Projects 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 received tax monies for maintenance of Township roads. The Road and Bridge Fund receives property tax money for constructing, maintaining and repairing Township Roads. The Permissive Motor Vehicle License Tax Fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads. The Miscellaneous Capital Projects Fund receives monies for the construction of the new administration building.

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 level for all funds.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**  
**(continued)**

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended 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 2006, 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 2006 was \$89,048.

**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, 2006**  
**(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 fund 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 2006 (budgetary basis) amounted to \$0 for the General Fund, \$50,000 in the Gasoline Tax Fund, \$8,083 in the Road and Bridge Fund and \$118,206 in the Permissive Motor Vehicle License Fund.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**  
**(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;

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**  
**(continued)**

7. The State Treasurer's investment pool (STAR Ohio).

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

Deposits

Custodial credit risk is the risk that in the event of bank failure the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end 2006, \$2,291,240 of the Township's deposits were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**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 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, 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 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. 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, 2006**  
**(continued)**

The full tax rate for all Township operations for the year ended December 31, 2006, was \$2.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based as follows:

Real Property	
Residential	\$266,210,850
Agriculture	7,517,780
Commercial/Industrial/Mineral	104,644,710
Public Utility Property	
Real	
Personal	12,526,470
Tangible Personal Property	35,026,776
Total Assessed Value	\$425,925,586

**6. RISK MANAGEMENT**

**Risk Pool Membership**

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

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**  
**(continued)**

coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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 township.

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:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>
 <u>Property Coverage</u>	 <u>2006</u>	 <u>2005</u>
Assets	\$10,010,963	\$ 9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$ 9,334,254</u>	<u>\$ 7,771,765</u>

At December 31, 2006, and 2005 casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable, respectively. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2006 and December 31, 2005, 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 \$44,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA the expected rates 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2004	\$19,338
2005	\$22,222
2006	\$22,195



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

Ohio Public Employees Retirement System

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 that has elements of both a defined benefit and a defined contribution 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, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's total required contributions for the years ended December 31, 2006, 2005, and 2004 were \$50,394, \$49,027, and \$44,684 respectively. The full amount has been contributed for 2006, 2005 and 2004.

**8. POSTEMPLOYMENT BENEFITS**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll of which 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$16,553. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006 were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow 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, 2006, was as follows:

<u>Governmental Activities</u>	Balance December 31, <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2006</u>	Due Within One <u>Year</u>
General Obligation Bonds 2005 Issue (Original Amount \$1,000,000 at 3%)	\$1,000,000	\$0	\$25,000	\$975,000	\$35,000

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**  
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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>
2007	\$35,000	\$42,411
2008	35,000	41,361
2009	40,000	40,311
2010	40,000	39,071
2011	40,000	37,771
2012 – 2016	225,000	166,881
2017 – 2021	280,000	111,438
2022 – 2025	280,000	34,476
Totals	<u>\$975,000</u>	<u>\$513,720</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, 2006 were an overall debt margin of \$23,425,907 and an unvoted debt margin of \$44,722,186.

**10. INTERFUND TRANSFERS**

During 2006, the following transfers were made:

Transfers from:	
General Fund	(\$156,000)
Transfers to:	
Miscellaneous Capital Projects Fund	80,000
General Bond Retirement Fund	76,000

Transfers were made to fund construction costs and to provide 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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Batavia Township (the Township), Clermont County, Ohio as of and for the years ended December 31, 2006, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated October 14, 2008 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 opinions 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We 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 and Township Trustees and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
October 14, 2008

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Status Explanation</b>
2005-001	Expenditures exceeded appropriations noncompliance citation ORC Section 5705.41B	Yes	The Township complied for 2006.
2005-002	Appropriations in excess of estimated resources noncompliance citation ORC Section 5705.39	Yes	The Township complied for 2006.



**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  
DECEMBER 2, 2008**