

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

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**  
**DECEMBER 31, 2011**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Batavia Township, Clermont County, prepared by Bastin & Company, LLC, for the audit period January 1, 2011 through December 31, 2011. 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. The Batavia Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 28, 2012



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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis .....	10
Statement of Activities – Cash Basis .....	11
Government Financial Statements:	
Statement of Cash Basis Assets and Fund Balance – Governmental Funds.....	12
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds .....	13
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund .....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Road and Bridge Fund .....	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Police District Fund .....	16
Notes to the Financial Statements.....	17
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	31
Schedule of Prior Year Findings.....	33

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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 Batavia Township, Clermont County, Ohio, (the Township) as of and for the year ended December 31, 2011, 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2011, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Road and Bridge and Police District Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2012, on our consideration of the Township's internal control over financial reporting and on our tests of its 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 *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Management's Discussion and Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

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

Cincinnati, Ohio  
June 11, 2012



**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2011**

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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, 2011, 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 2011 are as follows:

Net assets of Township activities increased \$319,053, or 10 percent.

The Township's general receipts are primarily property taxes. General receipts represent 88.3 percent of the total cash received for governmental activities during the year. Property tax receipts for 2011 decreased compared to 2010 as development within the Township has slowed, property valuations have declined and county TIF properties' impact has yet to be realized.

Four baseball fields were completed with the addition of bleachers, bases and necessary equipment to aid teams that want to use the fields. A concession/storage/restroom facility was also completed and dedicated during 2011. A lawn sprinkler system was installed around the community center building to facilitate lawn maintenance. On Veteran's Day, a Fallen Heroes Memorial was dedicated as a permanent memorial to local heroes in our county lost to Operation Desert Storm and Operation Enduring Freedom that took place in the Middle East.

We had an active winter season which lead to replenishing salt stores for the Township at an approximate cost of \$51,000. A Kubota tractor was purchased at a cost of \$24,997.

The Township received FEMA funds of \$47,525 of which a portion went towards replacing a failing culvert on Lucy Run Cemetery Road.

Collections for zoning permits remained stagnant due to a stalled state of the economy.

Our Police District levy allowed our deputies to 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, 2011**

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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 2011, 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 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.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2011**

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 major governmental funds are the General 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 2011 compared to 2010 on a cash basis:

(Table 1)  
Net Assets

	Governmental Activities	
	2011	2010
Assets		
Cash and Cash Equivalents	\$ 3,502,493	\$ 3,183,440
Total Assets	\$ 3,502,493	\$ 3,183,440
Net Assets		
Restricted for:		
Capital Projects	\$ 3,124	\$ 7,674
Debt Service	10,386	8,157
Other Purposes	2,107,838	2,166,749
Unrestricted	1,381,145	1,000,860
Total Net Assets	\$ 3,502,493	\$ 3,183,440

As mentioned previously, net assets of governmental activities increased \$319,053, or 10 percent, during 2011.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2011**

Unaudited

Table 2 reflects the changes in net assets in 2011 compared to 2010 on a cash basis.

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

	Governmental Activities	
	2011	2010
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 68,234	\$ 52,543
Operating Grants and Contributions	177,762	168,901
Capital Grants and Contributions	60,483	328,895
Total Program Receipts	306,479	550,339
General Receipts:		
Property and Other Local Taxes	1,276,146	1,299,280
Grants and Entitlements Not Restricted to Specific Programs	928,338	284,344
Earnings on Investments	5,133	10,743
Cable Franchise Fee	88,383	86,294
Miscellaneous	13,000	18,748
Total General Receipts	2,311,000	1,699,409
Total Receipts	2,617,479	2,249,748
Disbursements:		
General Government	474,671	492,530
Public Safety	320,990	336,132
Public Health	109,502	94,930
Public Works	835,871	811,751
Recreation	144,350	190,343
Capital Outlay	335,271	349,625
Principal Retirement	40,000	40,000
Interest and Fiscal Charges	37,771	39,071
Total Disbursements	2,298,426	2,354,382
Increase (decrease) in Net Assets	319,053	(104,634)
Net Assets, January 1	3,183,440	3,288,074
Net Assets, December 31	\$ 3,502,493	\$ 3,183,440

General receipts represent 88.3 percent of the Township's total receipts, and of this amount, approximately 55.2 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

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2011**

Unaudited

make up the balance of the Township's general receipts. During 2011 the Township received a large inheritance tax settlement.

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 the cost of running the health department. Public Works is the cost of maintaining the roads. Recreation is the cost of providing ball and soccer fields and a bike trail. Expenditures decreased by only \$55,956 from 2010 levels.

**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 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
General Government	\$ 474,671	\$ 424,534	\$ 492,530	\$ 458,929
Public Safety	320,990	319,015	336,132	332,695
Public Works	835,871	595,789	811,751	582,240
Public Health	109,502	95,217	94,930	80,146
Recreation	144,350	144,350	190,343	190,343
Capital Outlay	335,271	335,271	349,625	80,619
Principal Retirement	40,000	40,000	40,000	40,000
Interest and Fiscal Charges	37,771	37,771	39,071	39,071
<b>Total Expenses</b>	<b>\$ 2,298,426</b>	<b>\$ 1,991,947</b>	<b>\$ 2,354,382</b>	<b>\$ 1,804,043</b>

The dependence upon general receipts is apparent as 86.7 percent for 2011 and 76.6 percent for 2010 of governmental 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, 2011**

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Unaudited

**The Township's Funds**

Total governmental funds had receipts (excluding transfers between funds) of \$2,617,479 and disbursements (excluding transfers between funds) of \$2,298,426. The greatest change within governmental funds occurred within the General Fund, which increased by 380,285 primarily due to the receipt of an inheritance tax settlement.

**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 2011, the Township amended its General Fund budgeted revenues several times and made several amendments to budgeted expenditures. Disbursements were budgeted at \$948,659 while actual disbursements were \$873,444. Overall, the General Fund's budgetary fund balance increased by \$378,722 for 2011.

**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, 2011, the Government's outstanding debt included \$785,000 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. Estate tax abolishment in Ohio means that 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, 2011**

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Unaudited

**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, 2011

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 3,502,493
<i>Total Assets</i>	<u>\$ 3,502,493</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 3,124
Debt Service	10,386
Other Purposes	2,107,838
Unrestricted	1,381,145
<i>Total Net Assets</i>	<u>\$ 3,502,493</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, 2011

	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	\$ 474,671	\$ 50,137	\$ -	\$ -	\$ (424,534)
Public Safety	320,990	1,975	-	-	(319,015)
Public Works	835,871	1,837	177,762	60,483	(595,789)
Public Health	109,502	14,285	-	-	(95,217)
Recreation	144,350	-	-	-	(144,350)
Capital Outlay	335,271	-	-	-	(335,271)
Debt Service:					
Principal	40,000	-	-	-	(40,000)
Interest and Fiscal Charges	37,771	-	-	-	(37,771)
<i>Total Governmental Activities</i>	<u>\$ 2,298,426</u>	<u>\$ 68,234</u>	<u>\$ 177,762</u>	<u>\$ 60,483</u>	<u>(1,991,947)</u>
		<b>General Receipts</b>			
					1,276,146
					928,338
					13,000
					5,133
					88,383
					<u>2,311,000</u>
					319,053
					<u>3,183,440</u>
					<u>\$ 3,502,493</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, 2011

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	<u>GENERAL</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	\$ 1,381,145	\$ 893,973	\$ 444,994	\$ 782,381	\$ 3,502,493
<i>Total Assets</i>	<u>\$ 1,381,145</u>	<u>\$ 893,973</u>	<u>\$ 444,994</u>	<u>\$ 782,381</u>	<u>\$ 3,502,493</u>
<b>Fund Balances</b>					
Restricted	\$ -	\$ 893,973	\$ 444,994	\$ 737,161	\$ 2,076,128
Committed	-	-	-	45,220	45,220
Assigned	1,563	-	-	-	1,563
Unrestricted	1,379,582	-	-	-	1,379,582
<i>Total Fund Balances</i>	<u>\$ 1,381,145</u>	<u>\$ 893,973</u>	<u>\$ 444,994</u>	<u>\$ 782,381</u>	<u>\$ 3,502,493</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, 2011

	GENERAL	ROAD AND BRIDGE	POLICE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Receipts</b>					
Property and Other Local Taxes	\$ 343,106	\$ 603,232	\$ 326,918	\$ 2,890	\$ 1,276,146
Licenses, Permits and Fees	2,100	-	-	44,687	46,787
Intergovernmental	781,730	68,533	38,895	277,425	1,166,583
Earnings on Investments	4,237	-	-	896	5,133
Miscellaneous	107,993	1,837	-	-	109,830
<i>Total Receipts</i>	<u>1,239,166</u>	<u>673,602</u>	<u>365,813</u>	<u>325,898</u>	<u>2,604,479</u>
<b>Disbursements</b>					
Current:					
General Government	434,305	26,794	-	13,572	474,671
Public Safety	-	-	318,327	2,663	320,990
Public Works	11,000	586,500	-	238,371	835,871
Health	88,771	-	-	20,731	109,502
Recreation	144,350	-	-	-	144,350
Capital Outlay	-	196,991	-	138,280	335,271
Debt Service:					
Principal Retirement	-	-	-	40,000	40,000
Interest and Fiscal Charges	-	-	-	37,771	37,771
<i>Total Disbursements</i>	<u>678,426</u>	<u>810,285</u>	<u>318,327</u>	<u>491,388</u>	<u>2,298,426</u>
Excess of Receipts Over (Under) Disbursements	<u>560,740</u>	<u>(136,683)</u>	<u>47,486</u>	<u>(165,490)</u>	<u>306,053</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Fixed Assets	13,000	-	-	-	13,000
Transfers In	-	-	-	193,455	193,455
Transfers Out	(193,455)	-	-	-	(193,455)
<i>Total Other Financing Sources (Uses)</i>	<u>(180,455)</u>	<u>-</u>	<u>-</u>	<u>193,455</u>	<u>13,000</u>
<i>Net Change in Fund Balances</i>	380,285	(136,683)	47,486	27,965	319,053
<i>Fund Balances Beginning of Year</i>	<u>1,000,860</u>	<u>1,030,656</u>	<u>397,508</u>	<u>754,416</u>	<u>3,183,440</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,381,145</u>	<u>\$ 893,973</u>	<u>\$ 444,994</u>	<u>\$ 782,381</u>	<u>\$ 3,502,493</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 309,000	\$ 331,933	\$ 343,106	\$ 11,173
Licenses, Permits and Fees	85,000	11,173	2,100	(9,073)
Intergovernmental	235,433	781,730	781,730	-
Earnings on Investments	8,500	4,001	4,237	236
Miscellaneous	4,000	123,093	107,993	(15,100)
<i>Total Receipts</i>	<u>641,933</u>	<u>1,251,930</u>	<u>1,239,166</u>	<u>(12,764)</u>
<b>Disbursements</b>				
Current:				
General Government	522,944	486,444	435,868	50,576
Public Works	-	11,000	11,000	-
Public Health	96,215	96,215	88,771	7,444
Recreation	150,000	161,545	144,350	17,195
<i>Total Disbursements</i>	<u>769,159</u>	<u>755,204</u>	<u>679,989</u>	<u>75,215</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(127,226)</u>	<u>496,726</u>	<u>559,177</u>	<u>62,451</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(100,000)	(193,455)	(193,455)	-
Sale of Fixed Assets	-	-	13,000	13,000
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>	<u>(193,455)</u>	<u>(180,455)</u>	<u>13,000</u>
<i>Net Change in Fund Balance</i>	<u>(227,226)</u>	<u>303,271</u>	<u>378,722</u>	<u>75,451</u>
<i>Fund Balance Beginning of Year</i>	<u>998,522</u>	<u>998,522</u>	<u>998,522</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>2,338</u>	<u>2,338</u>	<u>2,338</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 773,634</u>	<u>\$ 1,304,131</u>	<u>\$ 1,379,582</u>	<u>\$ 75,451</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 630,045	\$ 603,232	\$ 603,232	\$ -
Intergovernmental	124,004	68,533	68,533	-
Miscellaneous	1,030	1,837	1,837	-
<i>Total Receipts</i>	<u>755,079</u>	<u>673,602</u>	<u>673,602</u>	<u>-</u>
<b>Disbursements</b>				
Current:				
General Government	30,000	30,000	29,141	859
Public Works	584,887	699,727	586,500	113,227
Capital Outlay	354,000	354,000	196,991	157,009
<i>Total Disbursements</i>	<u>968,887</u>	<u>1,083,727</u>	<u>812,632</u>	<u>271,095</u>
<i>Net Change in Fund Balance</i>	(213,808)	(410,125)	(139,030)	271,095
<i>Fund Balance Beginning of Year</i>	1,027,698	1,027,698	1,027,698	-
Prior Year Encumbrances Appropriated	2,958	2,958	2,958	-
<i>Fund Balance End of Year</i>	<u>\$ 816,848</u>	<u>\$ 620,531</u>	<u>\$ 891,626</u>	<u>\$ 271,095</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, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 318,991	\$ 326,918	\$ 326,918	\$ -
Intergovernmental	40,000	38,895	38,895	-
<i>Total Receipts</i>	<u>358,991</u>	<u>365,813</u>	<u>365,813</u>	<u>-</u>
<b>Disbursements</b>				
Current:				
Public Safety	319,403	325,903	318,327	7,576
<i>Total Disbursements</i>	<u>319,403</u>	<u>325,903</u>	<u>318,327</u>	<u>7,576</u>
<i>Net Change in Fund Balance</i>	39,588	39,910	47,486	7,576
<i>Fund Balance Beginning of Year</i>	<u>397,508</u>	<u>397,508</u>	<u>397,508</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 437,096</u>	<u>\$ 437,418</u>	<u>\$ 444,994</u>	<u>\$ 7,576</u>

See accompanying notes to the basic financial statements

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**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, component units and other organizations that were included to ensure that the financial statements are not misleading.

**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.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

**C. Jointly Governed Organization and Public Entity Risk Pools**

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool, and the Central Joint Fire-EMS District, a jointly governed organization. Notes 7 and 12 to the financial statements provide additional information for these entities.

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, 2011**  
**(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 primary government. The statements consist solely of those activities of the Township that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The *Statement of Net Assets* presents the cash balance of the governmental activities of the Township at year end. 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 of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is 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, 2011**  
**(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 Township has only governmental funds.

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 major governmental funds are the General 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 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. Except for modifications having substantial support, 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 recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

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 for all funds.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(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 2011, the Township invested in nonnegotiable certificates of deposit which 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 2011 was \$4,237.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township had no restricted assets in 2011.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(continued)**

**G. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. 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.

**I. 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 cash basis of accounting.

**J. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**K. 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.

**L. 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 highways (Motor Vehicle License, Gasoline Tax, Permissive License Tax and Road and Bridge Funds), debt service and capital projects.

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.

**M. Fund Balance**

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(continued)**

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by state statute.

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

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

**N. 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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(continued)**

**3. CHANGE IN ACCOUNTING PRINCIPLE**

For 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously.

**4. 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 2011 (budgetary basis) amounted to \$1,563 in the General Fund, \$2,347 in the Road and Bridge Fund and \$8,719 in the Cemetery Fund.

**5. 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.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(continued)**

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).

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 year end, \$3,154,453 of the Township's bank balance of \$3,519,647 was 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

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(continued)**

at all times shall be at least one hundred five percent of the deposits being secured.

**6. PROPERTY TAX**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2011, was \$3.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as:

Real Property	
Residential	\$276,991,530
Agriculture	8,512,480
Commercial	70,867,230
Industrial	18,108,410
Public Utility	13,830,800
Grand Total (taxable)	<u>\$388,310,450</u>

**7. RISK MANAGEMENT**

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

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. 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.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(continued)**

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, 2010, 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.

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, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Retained earnings	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010, and 2009 casualty coverage liabilities noted above include approximately \$9.9 million and \$12.0 million of estimated incurred claims payable, respectively. The assets and retained earnings above also include approximately \$9.5 million and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and December 31, 2009, 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 \$11,000.

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 Townships contributions to OTARMA for the past two years are as follows:

<u>Year</u>	<u>Contribution</u>
2010	\$13,582
2011	\$15,269

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.



**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(continued)**

**8. DEFINED BENEFIT PENSION PLANS**

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11 percent and 11.6 percent, respectively. 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 2011, member and employer contribution rates were consistent across all three plans.

The Township's 2011 contribution rate was 14 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$41,669, \$34,901, and \$29,598, respectively. The full amount has been contributed for 2011, 2010 and 2009. No payments were made to the member directed plan.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(continued)**

**9. POSTEMPLOYMENT BENEFITS**

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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

Disclosures for the health care plan are presented separately in the OPERS financial report which 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.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 4.0% during calendar year 2011. The portion of each employer's contribution allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$16,667, \$19,897, and \$21,401, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9,

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(continued)**

2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rates increases allowed additional funds to be allocated to the health care plan.

**10. DEBT**

The Township's long-term debt activity for the year ended December 31, 2011, was as follows:

<u>Governmental Activities</u>	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2011</u>	Due Within One Year
2005 General Obligation Bonds (Original Amount \$1,000,000 at 3%)	<u>\$825,000</u>	<u>\$ -</u>	<u>\$40,000</u>	<u>\$785,000</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.

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>
2012	\$40,000	\$36,431
2013	45,000	35,031
2014	45,000	33,456
2015	45,000	31,825
2016	50,000	30,138
2017 – 2021	280,000	111,438
2022 – 2025	<u>280,000</u>	<u>37,975</u>
Totals	<u>\$785,000</u>	<u>\$316,294</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, 2011 were an overall debt margin of \$21,357,075 and an unvoted debt margin of \$40,772,597.

**11. TRANSFERS**

During 2011, the General Fund transferred \$80,000 to the General Bond Retirement Fund to provide funding for scheduled debt payments and \$113,455 to the Capital Projects Fund for project funding.

**BATAVIA TOWNSHIP**  
**Clermont County, Ohio**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(continued)**

**12. 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.

**13. FUND BALANCES**

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Road and Bridge	Police District	Other Governmental Funds	Total
Restricted for:					
Road and Bridge	\$ -	\$ 893,973	\$ -	\$ 615,128	\$1,509,101
Police Operations	-	-	444,994	13,558	458,552
Fire Operations	-	-	-	7,425	7,425
Emergency Medical Services	-	-	-	1,853	1,853
Cemetery	-	-	-	88,812	88,812
Debt Service	-	-	-	10,385	10,385
Total Restricted	-	893,973	444,994	737,161	2,076,128
Committed to:					
Zoning Operations	-	-	-	42,096	42,096
Capital Improvements	-	-	-	3,124	3,124
Total Committed	-	-	-	45,220	45,220
Assigned to:					
Encumbrances	1,563	-	-	-	1,563
Total Assigned	1,563	-	-	-	1,563
Unassigned	1,379,582	-	-	-	1,379,582
Total Fund Balances	<u>\$1,381,145</u>	<u>\$ 893,973</u>	<u>\$ 444,994</u>	<u>\$ 782,381</u>	<u>\$3,502,493</u>

# 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 year ended December 31, 2011, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 11, 2012, wherein we noted that the Township's financial statements follow the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We also noted the Township adopted Governmental Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 *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 11, 2012

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

There were no findings reported for the year ended December 31, 2010.

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# Dave Yost • Auditor of State

**BATAVIA TOWNSHIP**

**CHAMPAIGN 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  
OCTOBER 11, 2012**