



OHIO AUDITOR OF STATE
KEITH FABER



BATAVIA TOWNSHIP
CLERMONT COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Batavia Township
Clermont County
1535 Clough Pike
Batavia, Ohio 45103

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Batavia Township, Clermont County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
January 12, 2024

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Batavia Township

Clermont County

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$396,336	\$1,590,823	\$0	\$0	\$1,987,159
Revenue in Lieu of Taxes	670,743	14,260	0	0	685,003
Licenses, Permits and Fees	173,231	149,815	0	0	323,046
Fines and Forfeitures	0	2,477	0	0	2,477
Intergovernmental	1,035,380	1,831,662	0	185,000	3,052,042
Special Assessments	2,259	0	0	0	2,259
Earnings on Investments	8,789	5,663	0	0	14,452
Miscellaneous	79,163	17,681	0	0	96,844
<i>Total Cash Receipts</i>	<u>2,365,901</u>	<u>3,612,381</u>	<u>0</u>	<u>185,000</u>	<u>6,163,282</u>
Cash Disbursements					
Current:					
General Government	557,787	195,793	0	0	753,580
Public Safety	0	921,524	0	0	921,524
Public Works	22,595	1,013,233	0	0	1,035,828
Health	105,168	23,443	0	0	128,611
Human Services	0	510	0	0	510
Conservation-Recreation	128,002	0	0	0	128,002
Capital Outlay	553,583	32,281	0	185,000	770,864
Debt Service:					
Principal Retirement	0	0	68,000	0	68,000
Interest and Fiscal Charges	0	0	7,417	0	7,417
<i>Total Cash Disbursements</i>	<u>1,367,135</u>	<u>2,186,784</u>	<u>75,417</u>	<u>185,000</u>	<u>3,814,336</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>998,766</u>	<u>1,425,597</u>	<u>(75,417)</u>	<u>0</u>	<u>2,348,946</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	45,580	0	0	0	45,580
Transfers In	0	0	56,000	0	56,000
Transfers Out	(56,000)	0	0	0	(56,000)
Other Financing Uses	(855)	0	0	0	(855)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,275)</u>	<u>0</u>	<u>56,000</u>	<u>0</u>	<u>44,725</u>
<i>Net Change in Fund Cash Balances</i>	987,491	1,425,597	(19,417)	0	2,393,671
<i>Fund Cash Balances, January 1</i>	<u>1,090,547</u>	<u>3,881,521</u>	<u>22,409</u>	<u>1,924</u>	<u>4,996,401</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,078,038</u></u>	<u><u>\$5,307,118</u></u>	<u><u>\$2,992</u></u>	<u><u>\$1,924</u></u>	<u><u>\$7,390,072</u></u>

See accompanying notes to the basic financial statements

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Batavia Township
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Batavia Township, Clermont County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Central Joint Fire & EMS District to provide fire and emergency medical services. The Township contracts with the Clermont County Sheriff's Office for enhanced law enforcement service.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA), which is an insurance pool that provides the Township with property and liability insurance coverage. Note 7 to the financial statements provides additional information for OTARMA. The Township also participates in two jointly governed organizations – the Batavia Union Cemetery and the Central Joint Fire & EMS District, which are both presented in Note 12.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund – The Gas Tax Fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund – The Road and Bridge Fund accounts for and reports property taxes and related revenues that are restricted for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

Batavia Township
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Police District Fund – The Police District Fund is comprised of two levies totaling 2 mils for the purpose of enhancing law enforcement in the Township.

American Rescue Plan Act (ARPA) Fund – The ARPA fund accounts for and reports revenues received from the U.S. Government that are restricted to replenish lost revenue and to mitigate economic harm from the COVID-19 Pandemic.

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

General Loan Mortgage Retirement Debt Service Fund – The general loan/mortgage retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the building of the community center.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash, rather than when earned, and recognizes disbursements when paid, rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated.

A summary of 2022 budgetary activity appears in Note 3.

Batavia Township
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money Market Funds are recorded at share values the mutual funds report.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Leases

Lease disbursements are recognized when paid.

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

Batavia Township
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31 is as follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,587,073	\$2,411,482	\$824,409
Special Revenue	3,383,526	3,612,383	228,857
Debt Service	78,000	56,000	(22,000)
Capital Project	0	185,000	185,000
Total	\$5,048,599	\$6,264,865	\$1,216,266

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,811,088	\$1,423,990	\$387,098
Special Revenue	4,567,968	2,186,783	2,381,185
Debt Service	75,473	75,417	56
Capital Project	1,924	185,000	(183,076)
Total	\$6,456,453	\$3,871,190	\$2,585,263

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts at December 31 is as follows:

Demand Deposits	\$ 7,390,072
Total Deposits:	\$ 7,390,072

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities

Batavia Township
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

specifically pledged by the financial institution to the Township or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

A financial custodian holds the Township’s interests in money market funds.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 – Interfund Balances

Advances

A summary of 2022 transfer activity is as follows:

	2022	
	Transfers In	Transfers Out
General Fund	\$ -	\$ 56,000
General Loan Mortgage Retirement Debt Service Fund	56,000	-
	\$ 56,000	\$ 56,000

During 2022, the General Fund transferred funds to the General Loan Mortgage Retirement Debt Service Fund to provide resources for scheduled principal and interest payments on the Township’s outstanding debt.

Note 7 – Risk Management

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Batavia Township
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

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

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31, 2021 (the most recent data available):

Total assets \$34,880,599

Total liabilities \$10,601,444

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care

Batavia Township
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Building Improvement Refunding Bonds	\$ 214,000	2.65%

The Township issued building improvement refunding bonds in 2014 to finance the permanent improvements for the Township building in the original amount of \$667,000.

Amortization of the above debt, including interest, is as follows:

Year Ending December 31:	Building Improvement Refunding Bonds
2023	\$ 76,670
2024	73,790
2025	74,934
	\$ 225,394

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The balances of these amounts were as follows at December 31:

	2022		
Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 52,792	\$ 35,580	\$ 88,372

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 12 – Jointly Governed Organizations

The Township is jointly involved with the Batavia Union Cemetery and the Central Joint Fire & EMS District with the Village of Batavia. Voting membership is equally divided between the entities. The Cemetery is funded by equal amounts from the Township and the Village. The Central Joint Fire & EMS District is funded by operating levies.

Batavia Township
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – Contingent Liabilities

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Batavia Township
Clermont County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$380,670	\$1,501,568	\$0	\$0	\$1,882,238
Revenue in Lieu of Taxes	310,396	0	0	0	310,396
Licenses, Permits and Fees	157,959	129,194	0	0	287,153
Fines and Forfeitures	0	1,051	0	0	1,051
Intergovernmental	179,629	1,654,760	0	0	1,834,389
Special Assessments	2,191	0	0	0	2,191
Earnings on Investments	3,705	1,531	0	0	5,236
Miscellaneous	5,380	16,681	0	0	22,061
<i>Total Cash Receipts</i>	<u>1,039,930</u>	<u>3,304,785</u>	<u>0</u>	<u>0</u>	<u>4,344,715</u>
Cash Disbursements					
Current:					
General Government	474,002	149,328	0	0	623,330
Public Safety	0	724,753	0	0	724,753
Public Works	19,497	1,062,183	0	0	1,081,680
Health	92,983	24,858	0	0	117,841
Conservation-Recreation	46,702	56,972	0	0	103,674
Capital Outlay	10,000	115,649	0	0	125,649
Debt Service:					
Principal Retirement	0	0	64,000	0	64,000
Interest and Fiscal Charges	0	0	9,098	0	9,098
<i>Total Cash Disbursements</i>	<u>643,184</u>	<u>2,133,743</u>	<u>73,098</u>	<u>0</u>	<u>2,850,025</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>396,746</u>	<u>1,171,042</u>	<u>(73,098)</u>	<u>0</u>	<u>1,494,690</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	44,260	0	0	0	44,260
Transfers In	0	200	78,000	0	78,200
Transfers Out	(78,200)	0	0	0	(78,200)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(33,940)</u>	<u>200</u>	<u>78,000</u>	<u>0</u>	<u>44,260</u>
<i>Net Change in Fund Cash Balances</i>	362,806	1,171,242	4,902	0	1,538,950
<i>Fund Cash Balances, January 1</i>	<u>727,741</u>	<u>2,710,276</u>	<u>17,507</u>	<u>1,924</u>	<u>3,457,448</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,090,547</u>	<u>\$3,881,518</u>	<u>\$22,409</u>	<u>\$1,924</u>	<u>\$4,996,398</u>

See accompanying notes to the basic financial statements

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Batavia Township
Clermont County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Batavia Township, Clermont County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Central Joint Fire & EMS Department to provide fire and EMS services. The Township contracts with the Clermont County Sheriff's Office for enhanced law enforcement service.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in jointly governed organizations and a public entity risk pool. Notes 6 and 10 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Police District Fund The police district fund is comprised of two levies totaling 2 mills for the purpose of enhancing law enforcement in the Township.

CARES Act Funds The CARES act fund accounts for and reports activity by the Township for the mitigation of expenses incurred by the Township's exposure related to COVID-19. All funds were expended by the end of 2021.

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American Rescue Plan Act (ARPA) Fund – The ARPA fund accounts for and reports revenues received from the U.S. Government that are restricted to replenish lost revenue and to mitigate economic harm from the COVID-19 Pandemic. One half was received in 2021. The second half is to be received in 2022.

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

General Loan/Mortgage Retirement Fund The general loan/mortgage retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the building of the community center.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Batavia Township
Clermont County, Ohio
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For the Year Ended December 31, 2021

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

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For the Year Ended December 31, 2021

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$830,845	\$1,084,190	\$253,345
Special Revenue	3,065,291	3,304,985	239,694
Debt Service	78,000	78,000	0
Total	\$3,974,136	\$4,467,175	\$493,039

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,485,371	\$721,384	\$763,987
Special Revenue	3,552,836	2,133,740	1,419,096
Debt Service	73,169	73,098	71
Total	\$5,111,376	\$2,928,222	\$2,183,154

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

Cash Management Pool:	<u>2021</u>
Demand Deposits	\$ 4,996,398
Total Deposits:	\$ 4,996,398

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupant, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments were due to the County by December 31. If the property owner elects to pay semiannually, the first half is due February 26th. The second half payment is due the following June 21, 2021.

Batavia Township
Clermont County, Ohio
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For the Year Ended December 31, 2021

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

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

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

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and Investments	\$ 34,880,359
Actuarial Liabilities	\$ 10,601,444

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

Batavia Township
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For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Building Improvement Refunding Bond	\$282,000	2.65%
Dump Truck Loan	28,803	3.11%
Total	\$310,803	

The Township issued building improvement refunding bonds in 2014 to finance the permanent improvements for the Township building in the original amount of \$667,000. The Township also issued a loan in 2017 for the purchase of a dump truck in the amount of \$138,739.

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

	Building Refunding General	Dump Truck
Year Ending December 31:	Obligation Bonds	Loan
2022	\$75,473	\$29,753
2023	76,671	
2024	73,790	
2025	74,935	
Total	\$300,869	\$29,753

Note 10 – Construction and Contractual Commitments

Financially open PO obligations consist of sidewalk projects through CBDG Block Grants. These projects are appropriated through the Capital Projects Fund and are a reimbursable expense from Clermont County through the Block Grant program when project(s) are completed.

Batavia Township
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The Township also has an on-going sewer extension project that connects to a new restroom facility and splash pad on the Community Center property. These projects are ARP funded per federal guidelines.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government via ARP funding. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Jointly Governed Organizations

The Township is jointly involved with the Batavia Union Cemetery and the Central Joint Fire & EMS District with the Village of Batavia. Voting membership is equally divided between the entities. The Cemetery is funded by equal amounts from the Township and the Village. The Central Joint Fire & EMS District is funded by operating levies.

Note 13 – Public Entity Risk Pool

The Township participates in the Ohio BWC Group Rating Plan (GRP) with Sedgewick for worker’s compensation management. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 14 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	77,197	405,468	482,665
Total	\$77,197	\$405,468	\$482,665

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 15 – Subsequent Events

Residents of the former Village of Amelia voted to dissolve in November 2019. As a result Amelia Village became part of Pierce and Batavia Township. The Township jointly with Pierce Township took over providing services in the respective areas on November 25, 2019. These services included fire and EMS, police coverage and road maintenance. After a Common Pleas Court ruling in November, 2020 the former Village council was scheduled to meet to dispose of open/undetermined Village matters. These include

Batavia Township
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terminating the earnings tax and settling various lawsuits brought about by the dissolution action. We look for these outstanding matters to be settled in 2021.

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Batavia Township
Clermont County
1535 Clough Pike
Batavia, Ohio 45103

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of Batavia Township, Clermont County, (the Township) and have issued our report thereon dated January 12, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
January 12, 2024

**BATAVIA TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2022-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in the Township's internal controls over financial reporting, the following conditions related to the Township's financial statements and accounting records were identified:

- Intergovernmental receipts and Capital Outlay disbursements for the Community Development Block Grant totaling \$185,000 in 2022 in the General Fund were incorrectly posted as a reduction of expense. This activity should have been reflected in a capital project fund instead of the General Fund.
- Revenue in Lieu of Taxes receipts totaling \$632,100 in 2022 in the General Fund were incorrectly classified as Intergovernmental receipts.
- Revenue in Lieu of Taxes receipts totaling \$38,645 and \$48,693 in 2022 and 2021, respectively, in the General Fund, were incorrectly classified as Tax receipts.
- Special Assessment receipts totaling \$2,259 and \$2,191 in 2022 and 2021, respectively, in the General Fund, were incorrectly classified as Tax receipts.
- Miscellaneous receipts totaling \$3,000 in 2021, in the Road and Bridge Fund, were incorrectly classified as Tax receipts.
- Revenue in Lieu of Taxes receipts totaling \$261,703 in 2021, in the General Fund, were incorrectly classified as Miscellaneous receipts.

The financial statements and accounting records have been adjusted, where applicable for these errors.

The Township did not have procedures in place for effective monitoring of the Township's financial activity, and the accuracy of accounting and financial reporting. It is important that the Trustees take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and financial statement preparation. The Township officials should review the Auditor of State Ohio Township Handbook, Auditor of State Bulletin 2011-004, and the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

FINDING NUMBER 2022-001
(Continued)

Officials' Response:

In response to the list of internal control findings, I would offer the following response:

- I agree with the first point, in that the receipt should have been posted as a receipt and not a reduction in expenditure. I think this should serve as a more accurate tracking for these reimbursed funds.
- The remaining points were merely line item receipt postings and were not intentional misclassifications of receipts. Future steps will be taken to minimize these errors.

In addition, I would add that expenditures for funds earmarked for reimbursement by CDBG funds have always been spent from the General Fund since reimbursement would be posted back into the General Fund. I see now that we would have to take measures to transfer to Capital Improvements and expended from that fund instead.

OHIO AUDITOR OF STATE KEITH FABER



BATAVIA TOWNSHIP

CLERMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/6/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov